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NEWS SUMMARY

GENERAL

Tories secure double victory

Conservatives completed a double election victory today by winning 50 of the 78 European constituencies and becoming the largest in the national group in the European Parliament. The Tories won only 17 seats—a tilt which depressed the party's pro-marketeers but it was better than they had given the low poll. The winning seat went to the British Nationalists. The Tories failed to secure any seats.

Tories' sweeping gains were matched by results from the EEC nations where the pro-Right consolidated its advance. Back and Page 7 were ahead at Strasbourg, 18

Europe case 'a week tragedy'

My Thorpe was slowly discovered by his homosexual倾向 in a tragedy of sex or Shakespearean proportions. Peter Taylor, prosecutor, told the Old Bailey in his speech yesterday. Thorpe and three others had been conspiring to murder male model Norman Scott. Thorpe has denied trying to persuade his co-star, David Holmes, to kill Scott. The former Labour leader has denied any sexual relationship with

A attacked

Colonel Aviation Administrator John Bond was heavily used by a U.S. Congressional committee for not sending all U.S. DC-10 aircraft indefinitely until 12 days after the Chicago air crash. He was accused of putting airlines' interests before those of passengers. Page 4 and Partida, 7

tion threat

My Secretary David Howell today warned that the government might be forced to ban oil if there was a further drop in world supplies. ruled out any early moves to allocate oil. Back Page, 7; Editorial, Page 18

plosive found

Two men were being questioned by police last night after a device of gelignite was found close to the Birmingham railway line. Nearby flats were evacuated and the Rail staff halted all services.

odus foiled

U.S. Embassy attempt to use 50 Americans from aqua was blocked yesterday by police on the airport between Nicaraguan President Anastasio Somoza's troops and rebels seeking to overthrow Government.

mb warning

For civil servants have been asked by police to take care of their mail after two more exploded letter bombs were found yesterday at Birmingham's main sorting office. The bombs were addressed to civil servants and follow in their tracks which injured four people. Page 6

jeffy

at 4,000 demonstrators marched through the Iranian capital of Tehran calling for Islamic revolution in Iraq. A nuclear power plant in Waterbury, Connecticut, was shut down because of a leaking valve in the building housing a nuclear reactor.

soldiers and an ex-soldier being questioned by police in a double murder in the last six years ago.

IEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated

BUSINESS
Gold at new peak; Equities subdued

• EQUITIES were subdued ahead of today's Budget and after initial weakness closed a shade harder. The FT 30-share index ended 0.7 higher at 503.9.

• GIANTS were encouraged by the Chancellor's budget to cut public spending in the Budget. Gains extended from 10 in shorts to 10 in medium and longs. The FT Government Securities Index gained 0.25 to 72.85.

• GOLD rose \$3 an ounce to a record \$282 in London. In New York Comex gold closed at \$220.80 (\$280.50).

• STERLING rose 58 points from Friday's level to \$2.0688 (\$2.0620) in thin trading and its trade-weighted index rose slightly to 67.3 (67.2).

• TURKISH Lira finished near its best against major currencies at DM 1.9128 (DM 1.9116) and SWF 1.7325 (SWF 1.7300). Its index rose to 86.8 (85.8).

• WALL ST was 1.35 lower at 833.77 shortly before the close.

• TOKYO share prices fell sharply. The Nikkei 225 index fell 51.97 to close at \$65.19.

• IRAQ has added a further surcharge on its contract crude oil sales. If applied, this would make Iraq's light crude the most expensive in OPEC.

• INTERNATIONAL financing package worth \$670m is being arranged to develop gas and aluminium industries in Dubai on the Gulf. Back Page

• TURKISH BANKS have halted foreign currency dealings, evidently in anticipation of a devaluation of the currency. Page 2

• ROLLS-ROYCE RB-211 engines will in future be available on European Airbus airliners, under an agreement signed in Paris by Sir Kenneth Keith, Rolls-Royce chairman, Page 6

• REMOVING OIL spillage at Sullom Voe in the Shetlands may now cost £3.5m Esso estimates. Page 7

• ITALIAN INFLATION is well above the Italian Government's target of 12 per cent at an annual rate of 14.5 per cent. Page 2

• EEC is considering a long-term deal to allow access to the UK of New Zealand dairy products, mutton and lamb. Mr. Muldoon, New Zealand Prime Minister, said in London. Page 31

• MANUAL WORKERS at BOC's gases division, who broke last year's pay guidelines, are being recommended to approve a 30 per cent claim. Back Page

• COMPANIES

• METAL BOX profits for the year to March 31 rose £2.45m to £8.23m despite a fall of £3.67m in the second half. Page 20 and Lex

• ASSOCIATED BRITISH FOODS reports pre-tax profits of £7.9m (£77.6m) in the year to March 31, after a slight fall in the second half. Page 20 and Lex

• European elections: what the results will mean 18

The unions: on the eve of the Budget, relations with Government 19

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New plants in Spain and Austria

General Motors \$2bn investment in Europe

BY STEWART FLEMING IN NEW YORK

GENERAL MOTORS, the leading U.S. car manufacturer, has announced its biggest overseas expansion project, a \$2bn investment programme aimed at increasing its European car capacity by about 300,000 vehicles a year.

The GM decision seems certain to put competitive pressure on Europe's car makers and on Ford. It appears to be part of a broader strategy challenging Ford's leadership over GM in foreign markets.

Earlier this year GM announced plans to expand significantly its Latin American business, too. It is investing several hundred million dollars to double to 100,000 its Mexican vehicle output and to purchase assets of the financially pressed Chrysler Corporation in Colombia and Venezuela.

Although GM, with the purchase of Vauxhall in the UK in 1925 and Opel in Germany in 1929, was first of the mark in overseas expansion, its overseas sales of cars and trucks, at 1.75m last year, falls behind the 2.25m which Ford estimated it would have sold but for a nine-week strike in the UK, but whereas Ford gets about 48 per cent of its \$1.58bn of net income from overseas, GM's overseas operations account for only about 8 per cent of its earnings, which last year totalled \$3.5bn on sales revenues of \$63.2bn.

GM's decision to increase its European production capacity by about a quarter (it produces about 1.1m vehicles in Europe) thus presents a challenge to that worldwide over the next two to three years it will be spending about \$6.5bn a year, of which about a fifth will be over seas.

Ford at time when GM has been expanding its U.S. domestic market share

General Motors expects that the new production facilities will be coming on stream in 1982, when they will employ about 12,000 people. In addition to the new facilities in Spain and Austria, GM has two component plants under construction in France; a new components plant will soon begin production in Northern Ireland, and other expansion programmes are under way.

Mr. E. M. Estes, the GM president, said yesterday: "These investments are evidence of General Motors' confidence in the continued strength of Europe's economy and its automobile market."

GM is engaged in a big U.S. investment programme, partly because of Federal Government pressure to improve the fuel economy of its fleet. It estimates

that worldwide over the next two to three years it will be spending about \$6.5bn a year, of which about a fifth will be overseas.

Paul Lendvai adds from Vienna: GM will build its engine plant in the Vienna suburb of Aspern. The £150m project has gone to Austria partly because of a large investment grant, accounting for a third of the total cost.

However, Mr. Alexander A. Cunningham, a GM vice-president, added that other reasons were "the excellent labour relations climate and the high degree of social, economic and political stability."

Robert Graham writes from Madrid: The GM move is the biggest car investment in Spain.

Mr. Carlos Bustelo, Industry Minister, yesterday estimated that by 1984 Spain would be producing between 1.2 and 1.5m cars a year.

Consequently the price index for materials and fuel bought by manufacturing industry has risen by 9.1 per cent in the past six months following an increase of only 0.3 per cent in the previous half-year. This index increased 1.5 per cent last month to 160.7 (1975=100).

The rise in raw material and labour costs is now clearly working through to prices charged at the factory gate. The output price index for manufactured products rose by 1.1 per cent last month to 167.2 (1975=100).

The appreciation of sterling by about 5 per cent against a basket of other currencies so far this year has been sufficient to offset only part of the sharp rise in commodity prices.

Consequently the price index for materials and fuel bought by manufacturing industry has risen by 9.1 per cent in the past six months following an increase of only 0.3 per cent in the previous half-year.

The result is that the 12-month rate of increase of output prices is now 10 per cent, for the first time since April, 1973.

The acceleration in industry's costs and prices has already started to affect the annual rate of retail price inflation, which is now back in double figures with a rise of 10.1 per cent in the year to mid-April.

Most analysts are now taking a more pessimistic view of the prospects for the 12-month rate than they were in the early spring. That is because of the rise in oil prices and a larger than expected batch of recent price rises which had been deferred because of the election.

Rate of price inflation accelerating

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of price inflation is now clearly accelerating—even before allowing for any price rises resulting from this afternoon's Budget.

The wholesale price indices, published yesterday by the Department of Industry, show that inflationary pressures are building up throughout manufacturing industry.

The high level of recent pay deals is partly to blame, but a major reason for the worsening prospects for retaining inflation in the last few months has been the sharp rise in the price of oil and other raw materials.

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WHOLESALE PRICES (1975=100)		
	Raw Materials	Output (home sales)
1978 1st	140.2	149.2
2nd	146.3</td	

EUROPE'S FIRST DIRECTLY ELECTED PARLIAMENT

Giscard emerges victor despite Chirac challenge

BY ROBERT MAUTHNER IN PARIS

PRESIDENT Giscard d'Estaing has emerged as the victor of the European elections in France, as he did from the general election in March last year.

The list of his supporters, headed by Mme. Simone Veil, the popular Health Minister, led the field by a wide margin, obtaining 27.5 per cent of the votes, followed by the Socialists with 23.6 per cent, the Communists with 20.6 per cent and the Gaullists with only 16.2 per cent.

In the new European Parliament, the pro-Giscard UDF group will have 25 seats, the Socialists 22, the Communists 19 and the Gaullists 15, making a total for 81 members.

Immediately after hearing the final results, Mme. Veil who has regularly topped opinion polls as the most popular French politician, submitted her resignation from the Government to M. Raymond Barre, the Prime Minister, who announced that she would be running for the presidency (Speaker) of the European Parliament.

Two other members of the Government on the successful UDF list M. Jean-François Deniau, Trade Minister, and M. Pierre Michaudière, Minister of Agriculture are also expected to resign necessitating a minor reshuffle soon.

Undoubtedly the most important development from a domestic political point of view was the very poor showing of the Gaullists, whose leader M. Jacques Chirac, had conducted a typically aggressive campaign. Though the Gaullists are the strongest group in the French National Assembly, they trailed their pro-Giscard coalition



President Giscard d'Estaing

partners by more than 10 percentage points and the balance of power within the Government majority has thus shifted in favour of the UDF.

M. Chirac and his main associate on the Gaullist list M. Michel Debré, a former Prime Minister, appear to have completely misjudged the mood of the French electorate on European issues. They campaigned on what can only be described as a nationalistic ticket opposing the very principle of direct elections to the European Parliament and constantly underlining the need to defend French independence within Europe.

Their frequent attacks on the President and M. Barre's economic policies, as well as suggestions that Mme. Veil was being dishonest in denying that

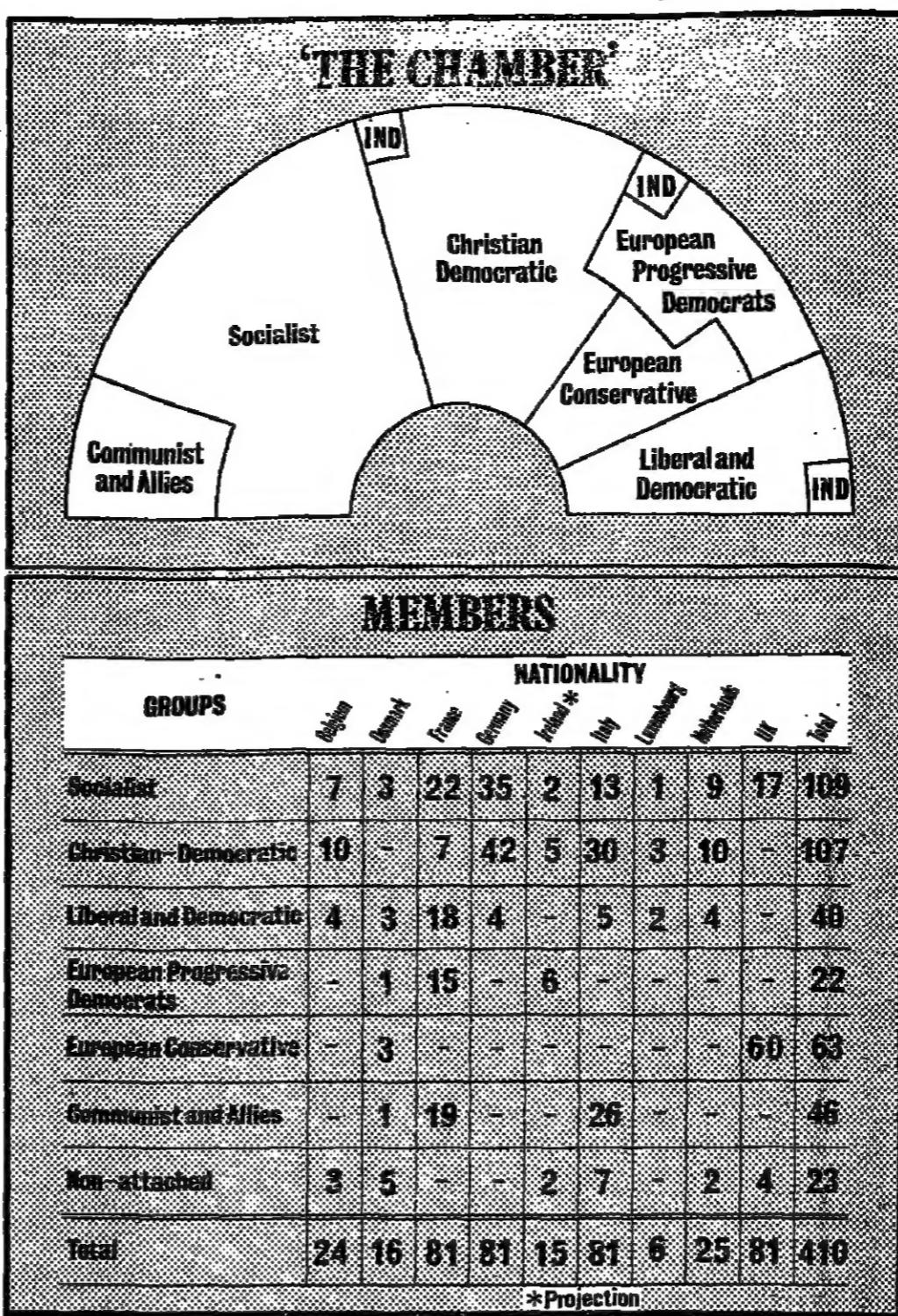
she was in favour of a supranational Europe, did not prevent a substantial number of Gaullist voters from switching their allegiance to the UDF. Many, of course, may have abstained altogether since the rate of abstentions of more than 39 per cent was a near record for France, equalled only in President Pompidou's 1972 referendum on enlargement of the European Community.

While in the general election of March 1978, the Gaullist RPR party was ahead of the UDF in 56 French departments, in the European elections the Gaullists outdistanced the Giscardians in only seven.

The opposition to M. Chirac from an influential minority of his own party, which disapproves of his over-aggressive style and persistent sniping at the Government, is now likely to become more vociferous. An indication was given yesterday by the resignation of M. Pierre Juillet, the Gaullist leader's principal political adviser, whom he inherited from M. Pompidou.

On the other side of the political spectrum the relationship between the Socialists and the Communists has also been modified. Though the Socialists did reasonably well in the European elections, their impressive progress over the past year has been halted and their lead over the Communists has been narrowed.

As a result, M. François Mitterrand's position as party leader, which was threatened at the recent party congress, has been weakened further. Even more important, his chances of being chosen as candidate of the combined Left or even the Socialists in the 1981 French presidential election have diminished substantially.



Danish anti-EEC parties jubilant

BY HILARY BARNES IN COPENHAGEN

MR. ANKER JOERGENSEN, the Social Democrat Prime Minister, and Mr. Henning Christensen, the Liberal Foreign Minister, both declared that the results of Denmark's elections for the European Parliament would have no effect on Danish European policy, but jubilant members of parties which oppose Denmark's membership claimed the election gave them a solid background on which to work for Denmark's withdrawal from the EEC.

"I think we could have Denmark out of the EEC in five years' time," said Diocesan Dean Joernsen Boegh, an anti-marketeer expected to win a seat in Strasbourg.

On paper, however, the election was a victory for Denmark's pro-European parties, which won two-thirds of the vote in a 47 per cent turn-out. The right-centre electoral alliance of pro-Market parties obtained six of

Denmark's 15 seats, the Social Democrats three seats, and the tax-protest Progress Party one seat.

The anti-EEC parties won 32.8 per cent of the vote and five seats. The Peoples' Movement against the Common Market, which is a cross-party movement, won 21 per cent of the votes and four seats.

The election was a serious setback for the Social Democrats. Although officially pro-Market, the party's candidate list included some "EEC critics" and, in the public view, the party appeared divided.

The Progress Party is also divided over the EEC, and it was the other big loser, taking only 5.8 per cent, compared with 14.6 per cent in the last parliamentary election.

The Liberals, with three seats, Conservatives with two seats, and the Centre Democrats, with one seat, represent the pro-EEC electoral alliance, which was

also supported by the Christian Peoples' Party.

Denmark's 16th seat went to Greenland, where the election was won by Mr. Finn Lynge, of the Siuniat Party, which has pledged to take Greenland out of the EEC after a referendum in 1981 or 1982.

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The Peoples' Movement has pledged not to join a party group in the European Parliament.

Humiliation for Irish ruling party

BY OUR DUBLIN CORRESPONDENT

IN THE Irish elections for the European Parliament, the ruling Fianna Fail party faced the humiliating prospect of taking only five of the 15 seats allotted to the Republic.

The surprise was the showing of two independent candidates, who topped the polls in their respective constituencies and were elected early in the count.

Mr. Nell Blaney, who was sacked as a cabinet minister by Mr. Lynch and left the Fianna Fail party, received a massive vote in the north-west constituency,

where he has his power base. Mr. T. J. Maher, a farming leader and former president of the Irish Farmers' Association, topped the poll in the southern constituency of Munster.

The Labour Party also scored a remarkable success, pushing Fianna Fail into third place in the percentage of votes in the Dublin constituency. Labour has always been certain of one seat, but could take as many as four.

The successes of Labour and the Independents have meant that the major opposition party,

Dr. Garret Fitzgerald's Fine Gael party, will not take as many seats as the Government's poor showing might have given it.

Government spokesmen were endeavouring to explain the bad results as a mid-term jolt which electorates often give to Governments. But there is no doubt that the present industrial unrest—in particular the four-month-old post strike—contributed heavily to the government party's poor showing. This is likely to have repercussions on domestic policy.

The Christian Democrats' will take 10 of the 25 seats. Labour nine, the Liberals four, and Democrats six two.

The Netherland was the last country to begin its count, starting at 10 am yesterday, because of religious objections to holding the count on Sunday.

The Labour Party has been put down to the low turnout of younger voters and of voters in the large towns.

The Christian Democrats' will take 10 of the 25 seats. Labour nine, the Liberals four, and Democrats six two.

Victory for Dutch centre

By Charles Batchelor in Amsterdam

IN THE Netherlands, the middle-of-the-road Christian Democrats and the Left-wing Democrats 66, nearly did even better than suggested by initial forecasts.

The Christian Democrats gained 37 per cent of the vote, compared with the 35 per cent indicated by a poll held immediately after Thursday's elections.

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Conservative surprise in Germany

By JONATHAN CARR IN BONN

THE WEST GERMAN Conservative opposition parties have pleasantly surprised themselves and astonished others by their success in Sunday's direct elections.

Public squabbling over leadership and strategy between the Christian Democratic Union (CDU) and its Bavarian ally, the Christian Social Union (CSU), intensified recently and seemed bound to alienate some supporters at the weekend.

But the CDU-CSU had 9 per cent of the votes, while the Liberals 9.8 per cent of the vote, and the Social Democrats 8.6 per cent of the vote, all allotted to the Federal Republic in the Strasbourg

Parliament. Thus the Union parties achieved what they failed to do in the General Election of 1976 that is to gain a majority against the Government coalition of Social Democrats (SPD) and Liberal Free Democrats (FDP).

In the direct election polling, the SPD gained 40.8 per cent for 35 seats, and the FDP a disappointing 6 per cent for four seats.

Spokesmen for the Government party were quick to observe that the direct elections and a national general election were not strictly comparable.

None the less, the Union parties in general showed striking success in mobilising their voter potential at a particularly difficult time. The lesson will not be lost on the SPD-FDP, with little more than a year to go to another general election.

No other West German party

Gains for Centre in Italy's high turn-out

By RUPERT CORNWELL IN ROME

THE MESSAGE of direct elections in Italy lies at least as much in the surprisingly high turn-out of almost 86 per cent as in the further proof it offers of a shift in the electorate's mood towards the small centre parties away from the Christian Democrats and Communists.

The final results show that both the largest parties lost support: the Christian Democrats fell from 38.3 per cent at the general election of the previous week to 36.5 per cent, and the Communists to 29.6 per cent from 30.4 per cent.

The most significant gain was made by Italy's two Socialist Parties, which emphasised their links with other European Socialists to promote their cause.

The Socialists ended up with 11 per cent of the votes cast, compared with only 9.3 per cent a week ago, while the Social Democrats lifted their total to 4.3 per cent. Perhaps the most remarkable advance, however, came from the Liberals, who almost doubled their general election share of the poll to 3.6 per cent.

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Both major parties will be disappointed, particularly the Communists, whose support has again fallen below the psychologically important 30 per cent mark.

In domestic political terms though, perhaps the most important change was the gain by the Socialist Party. A deal with the Socialists is a prerequisite of any return to a centre-left Government dominated by the Christian Democrats and Sig. Bettino Craxi, the

beyond these four gained a seat in Strasbourg—though environmentalist groups scored moderate success in some areas and are felt to have stolen support from the SPD in particular.

Among the notables who won seats in Strasbourg include, for the SPD: Herr Willy Brandt, the former Chancellor, and present SPD chairman; Herr Heinz Oskar Vetsch, head of the PDS (the West German equivalent of Britain's TUC); for the CDU: Herr Hans Kasten, former federal Labour Minister, and for the CSU: Dr. Otto von Habsburg, son of the last Austro-Hungarian emperor.

He may wish to delay pushing his candidacy for the presidency of the European Parliament until domestic political affairs become clearer.

In Flanders, the line-up was three seats for the Socialists, two for the Liberals, and one for the more nationalist Volksunie.

The final results in Luxembourg's six European Parliament seats are: three for the Social Christians, two for M. Pierre Werner, the Socialist Christian leader, guaranteed a return to power.

The Social Christians gained six seats, bringing their total to 24, but they must find additional support to resume the Grand Duchy's simultaneous general election.

Although M. Thorn conceded defeat before the count was over, there are now signs that

he may wish to delay pushing his candidacy for the presidency of the European Parliament until domestic political affairs become clearer.

Although M. Thorn's Liberal-Socialist coalition lost the election, with the Liberals maintaining their 14 seats in the 59-seat Luxembourg Assembly and the Socialists holding only 14, a loss of three, it is not certain that M. Pierre Werner, the Socialist Christian leader, is guaranteed a return to power.

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By the same token, the Liberals and the Socialists may also find a third partner for a fresh coalition.

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EUROPEAN NEWS

Italian inflation running well above target

BY PAUL BETTS IN ROME

ITALY PRICE inflation is running to accelerate in Italy if above the Government's per cent target for this year. Official figures released today show a 1.3 per cent rise in retail prices in July, which would represent a 4.5 per cent inflation rate on annual basis.

Retail prices increased by 1.9 per cent in January, 1.6 per cent in February, 1.2 per cent in March, and 1.8 per cent in July.

These increases are in large measure due to the rise in raw material costs, which has had marked impact on Italy as materials account for about 40 per cent of the annual price bill.

Moreover, there is increasing concern over the effect of the rise in oil prices, since Italy is on oil for about 75 per cent of its energy.

The authorities are expected imminent to introduce long-term measures to attempt to use oil consumption. A first meeting is scheduled to new energy supplies at the end of this week.

Latest figures show overall energy consumption rising by 4 per cent during the first months of the year, while import of some 8m tonnes of oil is expected in the first of the year. This is about 40 per cent of the 8m tonnes of oil for the first half of the year.

Through the introduction of energy measures has been held by the recent general election, the authorities have nevertheless attempted to retain

the same period last year.

The latest increases, the company said yesterday, were largely due to the substantial rise in the cost of raw materials since the beginning of the year.

IN ONE of the James Bond films, the belief that the Russians were kidnapping U.S. spacecraft led the Americans to prepare to launch a nuclear attack. Now, in real life, the fear of such kidnaps has become an issue between Moscow and Washington, which threatens to cast a minor shadow over this weekend's Carter-Brezhnev summit in Vienna.

At present, in this bizarre battle of tomorrow it is the Russians who are on the defensive. They fear that their satellites may be plucked out of orbit by the U.S., even though the former have the more apparently dangerous satellites and have successfully tested different types of "hunter-killers."

The U.S. and USSR have been formally negotiating on satellite warfare since last June. Little publicity was given to the four formal rounds of talks, since neither side was keen to disclose the vulnerability of its satellites.

But the series of futuristic actors involved—ranging from silent sentinel satellites lurking deep in space to charged-particle beams fired from earth or even space—does not diminish the immediate relevance of the talks.

Such a treaty is important, since no strategic arms limitation treaty (SALT) stands a good chance of ratification unless the sceptics of the U.S. Congress are assured that its observance can be verified.

This verification depends increasingly on satellites. Just as SALT I was accompanied by, and partially dependent on the agreement on anti-ballistic missiles, so SALT 2 may be closely accompanied by an agreement limiting anti-satellite activity.

At one point, it was hoped that such an agreement would also be signed at the Vienna

summit, but U.S. officials now fear that this is very much a long shot. After months of apparent progress in the talks, these may now be recently given the USSR's demand of the Americans to halt development of the U.S. space shuttle.

The shuttle, which is due to have its first test flight in November, is seen as a U.S. space programme. But the USSR reportedly considers it a threat to its own space activities and has demanded a halt of its development. Washington has rejected this demand.

Before this problem, the two sides had made progress not only on agreeing a ban on the destruction of opposing satellites but also on the more intricate question of the extent to which either side may act on the other's satellites in what is known as non-destructive interference. Here, the complexities are enormous.

Some degree of espionage on satellites is permissible. Both sides already "interrogate" each other's satellites. The U.S. for instance, has developed laser techniques which allow it to determine not merely the path and speed of a satellite but also its function.

In the case of reconnaissance satellites, this technique has been advanced to the point of allowing one to infer the type of lens carried and thus, even, the film it is using, according to Mr. Farooq Hussain of the International Institute for Strategic Studies. The difficulty is in defining—and in water-tight phrases—what degree of jamming, degrading and blinding is permissible.

By the end of 1977, the U.S. and the USSR had made 2,140 successful announced satellite launches, according to the space log of the U.S. space company TRW. The Soviet Union accounted for 1,218 of these, and the U.S. for 922, of which 598 were for the U.S. Defence Department. Last year, the USSR

launched about 100 more. The U.S. unconfirmed figures for less than half that.

Today, about 100 Soviet military satellites and about half this number of U.S. military satellites are operational, according to experts. However, the U.S. satellite may perform the functions of several Soviet ones.

Though ahead in quantity, the USSR lags in quality.

Military satellites are used for "C 3" (command, control and

communications), navigation, reconnaissance, SALT verification and targeting. So refined have satellite systems become that the real-time targeting—targeting which allows units to take account of the movements of their adversary—missiles have not merely taken over from conventional systems but conventional systems are scarcely still in operation. They are thus a crucial part of the superpowers' armament.

This increasing reliance on satellites has led both sides to develop anti-satellite systems. In 1960, the U.S. invested in the Saint project—an irreverent acronym for satellite inspection technique. The difficulty is in defining—and in water-tight phrases—what degree of jamming, degrading and blinding is permissible.

The USSR first brought one satellite into range of another in 1967. Though there is still disagreement within the U.S. Defence Department over the interpretation of its subsequent tests, the USSR then embarked

on a wave of these tests. In all, it has launched over 30 satellites whose purpose is generally seen as being to intercept and destroy another. The last reported test was in May last year.

Between 1966 and 1971 it also seems to have investigated launching a weapon which would

thus take about two weeks to has had its earlier worries about U.S. satellite vulnerability eased by the development and funding of this programme. It is confident that its general technological lead over the USSR can be maintained.

However, the U.S. Arms Control and Disarmament Agency, ACDA, sees two reasons for pressing for an agreement with the USSR. The first is that satellite warfare development is still at a relatively early stage. Stopping expenditure before it has

accelerated makes more sense and may be easier than attempts to cut back existing weapon systems.

The second reason is that Congress has ordered ACDA to assume in strategic arms limitation talks that "standard practices could be altered so as to impede verification."

ACDA thus has to prevent verification being affected. In the satellite protection talks its priorities are to limit anti-satellite systems to their present capabilities and to reach an agreement not to interfere with the satellites of the other party.

Just as a satellite protection treaty is important to the U.S. as part of any SALT package, so it is crucial for the USSR. The Soviets' position has long been complicated by fear of what China is up to.

Dr. Lawrence Freedman, head of the Policy Studies Unit of the Royal Institute of International Affairs, suspects that Soviet killer satellites may be intended to act against low-flying Chinese satellites rather than the higher U.S. ones.

But the more immediate Soviet concern is with the U.S. space shuttle. U.S. officials have long boasted of its ability to retrieve satellites. However, the vigour with which Soviet fears in this direction were initially expressed last year, and have since been repeated, has surprised Washington.

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OVERSEAS NEWS

Acrimonious beginning to Palestine autonomy talks

By ROGER MATTHEWS IN CAIRO

THE UNITED STATES will not intervene directly in negotiations between Egypt and Israel over the future of the Palestinians living on the occupied West Bank and Gaza Strip unless deadlock is reached. This was stated yesterday by Mr. James Leonard, leader of the U.S. delegation, as the second round of talks began in Alexandria and the now almost habitual exchange of recriminations.

Egypt has complained that Israel has made the negotiations more difficult by giving approval for a new Jewish settlement to be built near the main West Bank town of Nablus, while Dr. Yosef Burg, Israel's Interior Minister, yesterday accused the Egyptian press of launching personal

attacks against Mr. Menahem Begin, the Israeli Prime Minister. Egypt's Prime Minister Mustapha Khalil said in his opening statement that he thought it would be better if both sides refrained from making any comments that would be detrimental to the cause of peace.

Both sides agree that the main purpose of the current talks is to sort out matters of procedure. Egypt, for example, is pressing for at least four committees to be established in order to discuss separately the different aspects of Palestinian autonomy while the Israelis would prefer all issues to be discussed within a single negotiating framework.

Mr. Leonard urged the Egyptians and Israelis to get down

to serious negotiations as soon as possible. He will continue to head the U.S. team until the arrival of Mr. Robert Strauss, President Carter's special representative. It will be up to Mr. Strauss to try and find common ground between Egypt and Israel's widely divergent positions on Palestinian autonomy and few officials expect any significant progress to be made for the next two or three months.

Egypt has drawn up its own proposals for the implementation of Palestinian autonomy and the powers to be given to the local administrative council, but President Sadat has said that he only intends to put the Palestinians on the road towards self-rule and deciding their own future.

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In another constituency a ballot box had been found to be full of completed voting slips before polling began. When the candidate complained he was taken to the police station for four hours.

Another spokesman for the left-wing party, which President Sadat has accused of taking orders from Moscow, said he thought there had never been such officially controlled elections in the history of the country.

The Administration is well aware that it cannot deliver the prosperity that it has promised will accompany the peace treaty with Israel and is seeking to tighten its grip before problems really begin," he said.

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Japan pays out insurance claims on N. Korean debts

BY RICHARD C. HANSON IN TOKYO

THE MINISTRY of International Trade and Industry (MITI) has said the end of last year been paying out small amounts in port insurance to some small and medium-sized companies faced with difficulties resulting from the failure of North Korea to pay its bills.

MITI declined to say how much or to which companies the port insurance has been paid, it said the Ministry was just

Ship orders rise sharply

BY YOKO SHIBATA IN TOKYO

PORT ORDERS for 85 ships worth Y150bn (£284m) were placed by Japanese shipbuilders in May, according to Japanese economic journal *Keizai Shimbun*. The total figure for May will be announced at the end of this week by the Japan Ship Builders Association. But if preliminary estimate is correct, export orders in May amounted for nearly one-third the total export orders placed in fiscal 1978 (totalling \$3bn) and the record high for 1976.

Big export contracts have begun to edge up since the start of this year. January's port orders stood at 11 ships worth Y37.6bn in value, followed by 9 ships worth Y31.3bn in February, 16 ships worth Y38.1bn in March and 2 ships worth Y12.2bn in April. The sharp increase in May was attributed to a rush of contracts ahead of the

impending enforcement of stringent tanker safety regulations by the Inter-governmental Maritime Consultative Organisation (IMCO).

Recent export orders include several 10,000 dead weight tons class tankers. Most shipbuilders are reported to have two or three such vessels on their order books.

According to industry officials, the upturn of export orders reflects the recovery of export prices. Prices for 80,000 dead weight tons class tankers were quoted as high as Y5,600m in Y5,700m in May compared with Y4,000m in February. The sharp recovery of prices (up 20 per cent in three months) is attributed in part to the 35 per cent curtailment of Japan's shipbuilding capacity, carried out to rescue the industry from the prolonged recession. As a result of the capacity cuts shipyards now have their hands full with new building orders.

Nippon Steel talks in Peking

OKYO — Mr. Eishiro Saito, president of Nippon Steel, has been for talks in Peking reactivating a \$1bn export contract for equipment to be built at a new steel factory in Baoshan, near Shanghai. Saito will meet officials of China National Technical Corp. to discuss contract terms, including finance, a steel spokesman said. The contract, one of about 22 Chinese industrial plant contracts worth a total of nearly \$300m, is suspended by China last year, is expected to be reactivated next week, he added.

The spokesman refused to disclose terms now being discussed, but Japanese industry officials said both sides appeared to have reached broad agreement on a deferred payments formula, half in yen and half in dollars, at an annual interest rate of 7.25 per cent with a 15 per cent down payment.

Last week China reactivated three Japanese contracts, for ammonia manufacturing factories and an aluminium smelting plant, worth \$280m. Reuter

50% rise in Swiss testing group's turnover reported

BY BRUJ KHINDARIA IN GENEVA

SGS Generale de Surveillance S.A., the Geneva-based testing company, has raised its turnover by 50 per cent in five years to Fr. 437m (£122m) in 1978, up from Fr. 286m (£75m) in 1973. The company declared a dividend of Fr. 100 per share compared with Fr. 90 in 1977 and Fr. 65 in 1974.

Its turnover last year was hit down from Fr. 469m in 1977 because of the franc's revaluation against foreign currencies.

These details are disclosed in a report on SGS by a leading Swiss bank Pictet et Cie. It is the first bank report on the testing company, the largest testing group in international trade.

SGS was established at Geneva, France, in 1878 and operates through six divisions dealing with a separate unit of inspection.

The main functions are to test quality, weight and standards for clients buying goods including grain, minerals, processed food, industrial equipment and petrochemicals. SGS handles administrative, customs formalities, transport, supply and despatch planning and handling of all stages of commercial transactions.

About 70 per cent of SGS's turnover comes from Europe, where it is hired by corporations wishing to ensure that

goods are up to the standards and specifications stipulated in purchase contracts.

About 6.5 per cent of the business comes from North America, 7.8 per cent from South America, 8.9 per cent from Australasia and the Far East, and another 6.5 per cent from Africa and the Middle East.

A recent development is that SGS is inspecting goods exported to developing countries from the West, instead of the traditional pattern under which SGS inspected Western imports from poorer nations.

The most prominent example of this development is a multi-million dollar contract awarded to SGS by Nigeria last year under which the company inspects every aspect of almost all of Nigeria's imports including price provisions. Exporters had complained that SGS inspection procedures are delaying business transactions.

Pictet et Cie predicts that SGS, which is owned by a handful of wealthy shareholders, is likely in the long run to "take up the option of opening up further to the public". SGS's share capital is valued at SwFr 12.5m, made up of 62,500 shares each with a nominal value of SwFr 200.

The bank thinks that the intrinsic value of each share is more than SwFr 3,000. This compares with the latest fiscal rate cited by the banks as SwFr 1,550.

Knitwear makers urged to buy new machinery

BY RHYD DAVIES

TAIWAN'S KNITWEAR manufacturers are urged to improve their export performance and up investment in new machinery in a report by the union representing the sector to its annual conference.

Exports by the industry eased last year by £1.5m (£286m) but imports rose by 10 per cent, the sector's deficit to £50m. Employment during the year dropped around 3,800 to 11,500.

The National Union of Hosiery Knitwear Workers, commenting on these figures, says manufacturers that unless its are made to find new markets in Europe and other parts of the world, employers' employees will diminish number and it urges all its members to ask management in individual companies what is being done to remain competitive.

The report draws attention to the National Economic Development Office (NEDO) sector and party finding which showed that the UK employed

Australia has May surplus of A\$186m

Manufacturers prepare for 'commuter' aircraft boom

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CANBERRA — Australia's trade surplus in May widened to A\$186m (£100m) from A\$22m in May last year, according to the Statistics Bureau.

The Bureau said exports were valued at A\$1.564bn up from A\$1.042bn a year earlier, while imports were valued at A\$1.318bn up from A\$1.020bn. Imports are on the basis of value for duty for customs purposes, excluding freight and insurance.

The trade balance showed a surplus of A\$343m for the 11 months ending May compared with a surplus of A\$966m for the corresponding period a year earlier.

Exports earned A\$13bn up from A\$11.2bn, while imports cost A\$12.5bn up from A\$10.1bn. AP-DJ

Salen orders rigs

Salen Energy, a subsidiary of the Salen Shipping group of Sweden is placing orders worth about Skr 250m (£25m) with the Gotaverken Arendal yard in Gothenburg for two offshore drilling rigs of the jack-up type, writes William Duliforce from Stockholm. The rigs will be used in the Gulf of Mexico, where Salen is already operating two jack-ups. They will be delivered at the end of 1980 and beginning of 1981.

One factor behind the F-27 development is the recent civil aviation deregulation Act in the U.S., which now enables "commuter" airlines to operate larger aircraft, seating up to 55 passengers or 18,000 lb payload.

With a capacity of 40-56, or

payload capacity of 13,500 lb, the Fokker F-27 is regarded as one of the main candidates to fill what is seen as a rapidly growing market.

Another result of the Act, and this will bring good business to Rolls-Royce, for two of its Dart turbo-prop engines power each F-27, while many other parts of the aircraft and its systems are supplied by UK companies.

One factor behind the F-27 development is the recent civil aviation deregulation Act in the U.S., which now enables "commuter" airlines to operate larger aircraft, seating up to 55 passengers or 18,000 lb payload.

Meanwhile it was revealed at the Paris Air Show yesterday that Fokker, the Dutch aircraft manufacturer, is to continue

booked, and deliveries are scheduled for 1983. Studies are also under way at Beech for an additional, larger airliner, seating up to 25 passengers.

Nevertheless, Britain's objective was to persuade developing countries of their common interest with the developed nations in maintaining and strengthening—not in overturning—the existing international arrangements for co-operation on trade and financial issues.

He said Britain had won support from many of the Group of 77 developing countries for its call for international support for the recent Tokyo Round trade agreement.

The Tokyo Round talks were seen as a way to resist protectionist pressures on the Government of developed countries and not as a way of pandering to these pressures, Mr. Parkinson said.

UNCTAD 'anything but a failure'

By Frank Gray

IN SPITE of an agenda that was "too long and too diffuse," the recent UN Conference on Trade and Development in Manila was "anything but a failure."

Mr. Cecil Parkinson, Britain's Minister for Trade who led the British negotiating team at the month-long talks, acknowledged that many countries attending the talks "went there with too high hopes and they must have been disappointed."

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Have a good trip!

Oil vessel order may go to Finland

By Ray Pernam, Scottish Correspondent

AN IMPORTANT order for a technologically advanced oil maintenance and emergency vessel is almost certain to go abroad, probably to the Rauma Repola yard in Finland.

Shell and Esso are ordering the semi-submersible vessel for their North Sea fields and will announce in the next few days who is to build it.

Orders of £70m have been received from two British yards, Scott Lithgow, on the Lower Clyde, and Harland and Wolff, Belfast; but bids of about £40m have been put in from yards in Finland, Holland, West Germany and Japan.

Guarantees

The overseas yards have also offered guaranteed delivery schedules of two years or less. The British yards would take three years to build the vessel. Rauma Repola has a good reputation for building semi-submersibles and is close to the North Sea, allowing delivery costs to be kept low.

A delegation from Scott Lithgow, led by Mr. Dickson Mabon, MP for Greenock, and Mr. Ross Beale, the yard's managing director, yesterday told Mr. Hamish Gray, the Energy Minister, that neither British yard could hope to win the order unless the Government was willing to subsidise its price against the foreign competition.

Mr. Gray indicated that the Government was unlikely to consider bridging such a large price gap and that he was unwilling to intervene in a commercial decision by the oil companies.

Technology

The order is only the second for this type of vessel for the North Sea and is likely to be followed by several more from other oil companies.

Yards around the world are anxious to learn the technology involved now, to be in a good position to win future work.

Scott Lithgow secured the contract to build the first oil support vessel for BP, but only after strong pressure by the last Government to ensure that the work was done in Britain.

Olympics visit is top prize

By James McDonald

A 17-DAY visit to Moscow for the 1980 Olympics is the first prize being offered to the "newspaper delivery boy" or girl of the year" and their parents, in a campaign announced in London by the Newspaper Publishers Association.

The campaign is designed to increase home deliveries of newspapers. "We are one of the few nations in the world which still has home deliveries," said the NPA.

Apart from newspapers, newsagents and their delivery boys and girls, are being asked to deliver leaflets asking householders to take a regular delivery of magazines and periodicals.

Portable televisions, track suits, cash prizes, sports bags and books—all with the 1980 Olympic motto, are also included in the prizes.

Newspapers will receive entry forms for their delivery boys and girls, in September.

Why Crown Agent's life style went unchecked

THE LIFE-STYLE of the late Mr. Bernard Wheatley, former Crown Agents' money market manager, was the subject of questions yesterday at the tribunal investigating Crown Agents' losses of more than £200m after its involvement with secondary banking and property.

Mr. Alan Challis, former head of the agent's financial directorate, agreed with Mr. Robert Gatehouse QC, for the tribunal, that he had not exercised proper control in monitoring the performance of Mr. Wheatley, who had sole discretion and power to grant secured and unsecured loans running into millions of pounds.

At the time of his death, in 1977, Mr. Wheatley had been committed for trial on corruption charges.

Mr. Challis said the failure to monitor Mr. Wheatley's performance "is a failure of mine and is not necessarily a failure of the system. There was no incident which occurred such as a loan going wrong which led me to suppose there was any fundamental defect in the control system."

Mr. Gatehouse: You can have a fundamental defect in the system which, by luck, does not result in a loss.

Top civil servants warned of letter bombs' danger

By Maurice Samuelson

SENIOR civil servants have been told to take care with their mail following the discovery in Birmingham yesterday of two letter bombs containing deadly amounts of high explosives. On

Friday four people were injured in Birmingham by letter bombs.

On Saturday a letter bomb exploded in a postman's mail bag near the house of Mr. Justice Mais, at Streatham, Berks.

The two unexploded bombs were in brown manila envelopes measuring 12 inches by nine and bearing the words: "If undelivered please return to Pearl Assurance." Both had Northern Ireland 9p stamps on them but may have been posted in the Birmingham area.

They were discovered in Birmingham's main sorting office. They were addressed to senior civil servants, one in London and the other Guildford, Surrey. Police said particular care should be taken by civil servants listed in "Who's Who," regardless of where they lived.

West Midlands CID said there was no obvious connection between the two addresses of the unexploded letters and

Euromarket control 'threat to stability'

By Michael Lafferty, Banking Correspondent

INTERNATIONAL EFFORTS to apply controls to the Euro-currency markets carry with them grave risks for global financial stability, Mr. Walter Wriston, chairman of Citicorp, warned yesterday.

Today's efforts by some governments to apply reserve requirements or other controls were only intended to mute the market's response to wide differences in domestic economic policies, Mr. Wriston told more than 100 senior bankers at the International Monetary Conference in London.

The very fact that the Euro-currency market has been free has enabled it to act as a safety valve to the financial tensions and pressures inflicted by varying monetary and fiscal policies and such shock events as the OPEC oil price increases."

Mr. Wriston told the delegates—the chief executives of the world's largest commercial banks—that in the Euromarkets technology has combined with finance in a new and unique way that makes obsolete some of the old ideas of compartmentalised national markets. "No one designed them, no one authorised them, and no one controlled them. They were fostered by controls, raised by technology and today the rare refugees from national attempts to allocate credit and capital for reasons which have little or nothing to do with finance and economics."

The market's strength, resilience and depth has confounded

Accountancy hearings

By Michael Lafferty

AT LEAST 30 organisations and individuals have given notice that they will appear at the UK accountancy profession's first public hearings on accounting standards next month.

The hearings will be held in Glasgow on July 5, in Dublin on July 11, and in London on July 19 and 20. At present it is expected that there will be six speakers at the Glasgow and Dublin hearings and 18 appearing over the two days in London.

Hard line on safe furniture

Financial Times Reporter

TOUGH SAFETY requirements are contained in draft regulations covering the fire hazards of upholstered furniture published by the Government yesterday.

Mrs. Sally Oppenheim, Consumer Affairs Minister, has asked trade and professional associations and others to comment on the proposed regulations, which will be introduced under the 1978 Consumer Safety Act.

The regulations will require all upholstered furniture to be resistant to smokers' materials. During an interim period before the regulations become fully effective furniture that does not meet the safety requirements will have to carry a warning label. The timing of the introduction of the regulations will be decided in the light of comments on the proposed requirements.

He knew Mr. Wheatley had taken an extremely expensive flat which cost about one third of his salary, but he did not know that Mr. Wheatley was also running three cars.

Mr. Challis said that on two occasions he had tried to have Mr. Wheatley moved out of his job. The first time was "because I found him undisciplined. The hearing continues today.

Managers disagree over EEC impact

By Michael Donne, Aerospace Correspondent

British managers see the growing integration of Europe as having a major impact on their companies and country, while their German counterparts see it as having little or no effect, according to a survey of European managers.

Nearly eight out of 10 British managers surveyed by the company found the growing unification of Europe would have important long-term repercussions for their companies. In marked contrast, seven out of 10 German managers thought it was of little or no importance.

The survey, which was carried out in France, Belgium, Netherlands, West Germany and the UK, showed German managers to be consistently less impressed by the impact of the growing unification of Europe than the other

Scots Yard has advised the public to:

- Beware of bulky packets or parcels;
- Check postmarks on all mail;
- Leave suspicious letters or parcels aside; and
- Call the police if in doubt.

Ninety-four per cent of the French managers believed that a growing Europe was good for their national economy. This view was shared by 86 per cent of both Belgian and Dutch managers, by 75 per cent of the British and 60 per cent of the Germans.

A similar pattern of opinion emerged over the importance of the elections to the European parliament. More than 90 per cent of the French and Belgians saw the elections as important, compared with 65 per cent of Germans.

The managers were also asked what concerned their companies most over the continuing process of European unification. There was almost unanimous agreement that EEC legal regulations and technical standards were the biggest problems.

European Election Special, Grosvenor, 43-44 Albemarle Street, London W1.

Management urged to seize chance

MANAGEMENT must seize the new opportunities presented by the election of a Conservative Government, Mr. John Greenborough, President of the Confederation of British Industry, told a seminar organised by the Midlands Engineering Employers' Association in Birmingham yesterday.

But he gave a warning of the difficulties companies faced in the increasingly competitive world markets.

He hoped today's Budget would offer real incentives for the risk takers.

Wasted food 'costs Britain £27m a year'

FOOD TASTED in office canteens, hospitals, schools and hotels may be costing Britain as much as £27m a year, according to a survey by M. Jean Conil, master chef and former professional caterer. He lays much of the blame on the subsidised canteen which, he claims, gives workers too much of the wrong food.

For three years I watched piles of bread and vegetables thrown away from the canteens of a large industrial firm. The waste is incredible—and disgraceful. For every pound spent about 20p went into the dustbin," he said.

"I am convinced that the British system of subsidising industrial and school canteens is largely to blame. We could cut waste if people had to pay a more realistic price for a meal.

These were improved recently.

Rolls-Royce signs deal to make Airbus engines

By Michael Donne, Aerospace Correspondent

in future be able to order the European A-300 Airbus, and its smaller version, the A-310, with Rolls-Royce RB-211 engines.

Both aircraft have been available only with the General Electric or Pratt and Whitney engines from the U.S.

This is the result of a Memorandum of Understanding signed at the Paris Air Show yesterday by Sir Kenneth Keith, chairman of Rolls-Royce, and Mr. Bernard Lathiere, president of Airbus Industrie, the European group building the A-300 and A-310.

The agreement allows the two companies to work out performance specifications for the Dash 524 version of the RB-211 engine in both the A-300 and A-310. Work will include design of an engine-wing pylon mounting for the RB-211 on the A-300.

The Dash 524 version of the RB-211 is already in production for Boeing 747s and Lockheed TriStars. The model intended

for the Airbus, the 524D, will be ready by March 1981. It will have a thrust of up to 53,000 lbs.

The decision to go ahead with the RB-211 on the Airbus stems from requests from several potential customers for that engine-airframe combination.

Mr. Lathiere said the new

agreement would result in further substantial sales of Airbus.

So far, orders for the A-300 and A-310 would remain in service well beyond the year 2000. We are talking of a production and operating life of some 30 or 40 years," he said.

Mr. Lathiere said Airbus Industrie (in which British Aerospace has a 20 per cent stake) intends to raise production of the Airbus: "We reached a rate of two aircraft a month six months ago. Our target is eight a month by 1983."

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Sullom Voe oil clearance work may cost £3.5m

By MAURICE SAMUELSON

COST of removing an oil leak at Sullom Voe, the island island terminal, at the end of last year, reached £3.5m. In relation to the size of the spillage, 1,100 tonnes of oil fuel oil, this put it among the most expensive cleanups carried out by the industry and the most difficult handled by British Petroleum, the terminal's manager. The estimate has been submitted to Esso, whose tanker, the Bernicia, drifted into a bay on New Year's Eve, when there was no construction work on the island to help with the emergency. Esso had to meet the cost regardless of who was responsible for the incident, which also involved tugs belonging to the island harbour authorities, payment to farmers for damage to property and livestock, and reached £250,000. To combat the effects of the spillage, BP rushed in 50 workers from Ireland and ferried tugs and boom-laying craft to Aberdeen on board tugs aircraft and oil rigs. The spillage, barely a month after the terminal's official opening, strained relations between the industry and the landowners because of the damage to birds, wild animals and sheep. A petition demanding closure of the terminal collected 3,000 signatures out of a population of 20,000. The industry has now laid tough measures to deter others from discharging undischarged ballast in the Shetlands and has boosted the number of men and equipment at Sullom Voe to deal with future incidents.

Workers that fall to arrive leave with 35 per cent in their tanks will not be loaded. Air surveillance of oiling lanes is in force and tugs are subject to official scrutiny. Workers are also expected to at least 10 miles from the land coasts and to signal intended course when they within 200 miles of the final.

Anti-pollution work is off under the control of the Islands' Council, which uses tugs and pilotage and based on the Sella Ness land, opposite the terminal.



BP's anti-pollution equipment at Sullom Voe includes several Komatsu Miniskimmers. Weighing 100 lb, they can be used by two men to mop up small oil spills in ports or inland waters. BP, which built the prototype, says that oil recovery rates of 15 tons an hour have been achieved.

But the oil industry, represented by BP, provides the expertise and the special equipment.

The company has drafted in Mr. Frank Johnston, former manager of BP's terminal near Milford Haven, one of its most experienced anti-pollution officers. He was involved in clearing spillages from the Amoco Cadiz and Christos Bitas (neither of which was a BP tanker).

less City office space in net

By Michael Cassell

STOCK of empty office space in the City of London fell significantly in May, according to Richard Saunders and others. The findings confirm the situation of a buoyant office market in the City, which seen some rents rising to over £20 a square foot. Saunders says a total of 600 square feet of office floor was let during May against 1,280,000 square feet in the previous month. The average figure between December and May was just over 600 square feet.

The take-up meant that, at the end of June, there was an added 1,33m square feet of accommodation available in the City boundaries.

Only 200,000 square feet of space taken off the market is attributed to the letting to major City properties—gate House and St. Dunstan's House.

Other significant moves involved Morgan House, Old Broad Street, and 52 Chevalier Street. Banks and insurance companies were the tenants.

The trend towards a higher up rate for office space was reflected last month in the areas of the City. A flat of 221,000 sq ft of vacant space was let in May, against 164,000 sq ft in the previous month. Space available at the start of this month in the City was 1,82m sq ft. At start of 1978, the figure was 2m sq ft.

Mr. Boden said that in opposition to the increase in rents, the increase in the City itself, the space available represents the total for nearly four years. With suitable space in the locations becoming increasingly hard to find and new development, until recently, running at modest areas bounding the City, have become more active. Several major space—including insurance companies and banks, have been accommodated outside central area.

lease Brokers Association established

Michael Lafferty

Goodyear to cut 200 jobs in Ulster plant

By OUR BELFAST CORRESPONDENT

THE U.S.-OWNED Goodyear company is to cut by more than 200 the 1,300 strong labour force at its Ulster industrial rubber products factory at Craigavon.

Mr. Ned Kendall, director of the plant, said the reduction was essential to make the factory viable. Longer lasting synthetic materials, the shrinking automotive industry, and a fall in industrial markets had created surplus capacity.

The factory would reduce the shifts worked in some departments or try to economise on the services that each shift year.

Farmers want a say in Belvoir coal plan

By JOHN LLOYD

AGRICULTURE ministers and officials should have a say in the decision to construct a mining complex in the Vale of Belvoir in north Leicestershire, according to Mr. Tom Boden, deputy president of the National Farmers' Union.

Mr. Boden said yesterday that if the National Coal Board's plans for the Vale were accepted more than 2,000 acres of farmland would be lost. The NCB's application has aroused opposition from local groups, local authorities and the NFU. An inquiry into the application began in October.

Mr. Boden said that in opposition to the increase in rents, the increase in the City itself, the space available represents the total for nearly four years. With suitable space in the locations becoming increasingly hard to find and new development, until recently, running at modest areas bounding the City, have become more active. Several major space—including insurance companies and banks, have been accommodated outside central area.

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Michael Lafferty

LEASE brokers have formed a Leases Brokers Association, after a meeting in London on Friday.

The UK new town is represented by 28 of the 24 countries attending, voted in favour of the creation of the association. Its first chairman is Graham Harrison, a director of Martin Leasing.

Three-quarters of the 24 countries which have already agreed to send delegates are members of the Commonwealth although other overseas countries to be represented include Japan, France and the U.S.

The UK new town is represented by many countries as a practical example of how it should be built and there are now many similar and proposed developments abroad. East Kilbride was, in 1947, one of the first new towns in Scotland to be taken on.

Mr. Michael Chaplin, the Conservative Council leader, said that if staff leave, vacancies would not be filled unless essential for services, but extra teachers needed for secondary school reorganisation would still be taken on.

NORFOLK County Council is imposing a three-month freeze on recruitment after the announcement from Sir Geoffrey Howe, the Chancellor, that the Government would be looking for cuts in local authority staff.

Mr. Michael Chaplin, the Conservative Council leader, said that if staff leave, vacancies would not be filled unless essential for services, but extra teachers needed for secondary school reorganisation would still be taken on.

Mr. Trevor Alec Jones, MP

PARLIAMENT and POLITICS

Howell rules out petrol rationing

By JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. DAVID HOWELL, the Energy Secretary, faced a barrage of Labour protests in the Commons yesterday when he rejected demands for some system of petrol rationing or Government-imposed priorities to cope with the latest oil shortage.

Government intervention on this scale would mean the employment of 2,000 extra civil servants involving expenditure of £1.5m a month, he said.

"At present levels of shortage, this would lead at once to far more rigidity and unfairness, quite apart from the cost to the taxpayer and the economy of the necessary paraphernalia," he told his critics. "Nor would it produce a drop more oil."

Despite his decision to rely on the workings of the free market economy, it was noticeable that Mr. Howell still left himself a small loophole.

Cautiously, he added that if the world oil situation deteriorated sharply again Britain might be forced to pay the price by introducing some form of tighter control.

Mr. Christopher Price (Lab, Lewisham W) tried to get the House adjourned so that an emergency debate could be held on the subject. "The House has a right to expect the Govern-

ment to set priorities so that emergency supplies can be maintained," he protested.

But the Speaker, Mr. George Thomas, rejected this request.

From the Opposition front bench, Dr. Dickson Mahon, who was Energy Minister in the last Government, found Mr. Howell's statement "extremely disquieting."

Other Labour MPs claimed the Government had abdicated its responsibility and fiercely criticised the Energy Secretary for taking a doctrinaire approach to the issue.

They argued that a system of Government priorities should be introduced for supplies to the bus and rail services which had been hit by the shortage.

Concern was also expressed about the ambulance services which Labour backbenchers allege were being "held to ransom" by suppliers who were steeply increasing their fuel charges.

Throughout the exchanges, it was clear that Conservative backbenchers were also very apprehensive about the effect the oil crisis was having on their constituents.

Although they backed the Energy Secretary's stance, several of them—particularly

those representing hard-hit rural areas—implied that the Government should be doing more to ensure the fair allocation of supplies.

These misgivings from the Tory backbenchers provoked derisive laughter from the Labour side of the House.

Mr. Anthony Wedgwood Benn, Energy Secretary in the Labour Government, urged Mr. Howell to use the Oil Industry Emergency Committee to deal with the situation.

He said the Government's powers under the Energy Act were totally sufficient to deal with the difficulties and it had a clear duty to see that a Minister supervised the activities of the committee.

But the Secretary of State replied that taking powers under the emergency Act would be justified only in a position of emergency.

In his statement, Mr. Howell said the Government had specifically asked the UK Petroleum Industry Association to achieve a more even and effective distribution and to meet particular difficulties as a matter of urgency.

He again appealed for a five per cent cut in consumption in industry, on the roads and in the home. Similar cuts would be expected in the public sector.

Supplies to UK consumers were 5 per cent down and oil companies had been affected in different ways, leading to serious shortages for particular customers and regions.

The Government had appealed to the oil companies to send more oil to Britain.

Mr. Howell said that he had been hit by the shortage.

Many farmers were desperately short of diesel fuel and there were shortages in industry as well. He appealed to the Secretary of State to take action to help the worst hit parts of the economy.

The Liberal leader, Mr. David Steel, said that Mr. Howell should not be surprised at the angry reaction of the House.

Governments were expected to take action—that's what governments were for.

Mr. Steel protested that some

ambulance services were being charged £1.80 a gallon for petrol.

This was not a free market. It was a black market.

In present conditions, the sensible way forward is through steps to improve supplies in the UK market combined with strong conservation measures," he emphasised.

Dr. Dickson Mahon complained that, by standing back, the Government would be creating considerable difficulties for essential services.

It was complete nonsense for the Government to insist that the railways should cut back. To withdraw rail services would only make congestion on the roads greater.

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GOLD II

Bigger mine output in the offing

HISTORICALLY, the gold mining industry is in a state of high expansion but the growth of activity will not necessarily be apparent in production statistics for some time. Current estimates indicate that world mine production, excluding that of the Soviet Union, is likely to climb to only 1,000 tonnes this year from 968 tonnes in 1978.

There is in fact a great deal of catching up to be done. Between 1973 and 1975 annual production slipped from 1,113 tonnes to 956 tonnes and since 1976 has stabilised at or just under 970 tonnes. One of the main reasons for this has been decline in South African production, which around 1970 was 2,000 tonnes a year.

This decline was checked last year when output rose to 706.4 tonnes. But what happens in South Africa is the key to the world's new supplies. South Africa has consistently supplied early three-quarters of international new production.

The small scale of most of the mines outside South Africa means that their expansion has best marginal impact. In my case, gold from mines outside South Africa frequently comes as a by-product of other mineral output and its availability is therefore influenced by factors outside the movements of the international bullion market.

The small producers are, however, to adjust their operations more flexibly to the price of gold than the large South African mines. In recent months there has been a wave of announcements from Canadian companies outlining increases in production or the commissioning of feasibility studies on projects which at lower prices are manifestly uneconomic.

Conscious of the advantages relatively small development costs and a quick cash flow, Consolidated Gold Fields has brought a small mine in the Cadillac area of Quebec into production and is working on a similar project in Mexico. As another example, Campbell Chibougamau Mines of Quebec has accelerated production at its Anderson mine and has recently started extraction in a newly developed ore while exploration continues apace.

The situation has been similar elsewhere, even on the somewhat tarnished Golden in Western Australia, expansion is in the again. But this response to the firmness of the bullion market, dating back roughly to

GOLD PRODUCTION (non-Communist countries—metric tonnes)				
	1978†	1977	1976	1975
South Africa	706.4	700.0	713.4	713.4
Ghana	14.2	16.9	16.6	19.1
Other Africa	23.0	26.3	25.6	22.3
Canada	51.7	53.1	52.4	51.4
U.S.	30.2	34.2	32.6	32.7
Latin America	47.0	47.0	45.1	38.7
Philippines	19.1	17.4	15.6	16.7
Papua/New Guinea	23.5	22.8	19.8	20.7
Australia	30.7	19.4	15.5	16.4
Other Asia/Oceania	14.0	14.1	13.9	13.9
Europe	18.0	19.0	19.0	16.7
Total	968	970	969	956
South Africa per cent	73	72	74	75
	1974	1975	1976	1977

† Provisional.
Source: U.S. Bureau of Mines and Union Corporation.

1975, is of a different quality from the developments in South Africa.

In the first place South African mine expansion is longer standing, going back to the time when gold was freed from its fixed international price.

"The increased prospecting activity which came about in the early 1970s as a result of the increase in the price of gold is now bearing fruit not only in the establishment of new producers but also with the sinking of shafts to exploit further areas within existing mining leases," said Mr. J. Ogilvie Thompson, chairman of Anglo American Gold Investment, the shareholding arm of Anglo American Corporation of South Africa, the world's biggest producer.

Grander

Secondly, the South African expansion is conceived on a much grander and more expensive scale than elsewhere. Four mines are being concurrently developed. The first gold was poured at Elandsstrand, an Anglo American unit, in December last year, over two years ahead of schedule. The pre-production costs were R185m (£104.6m). Next door to Elandsstrand, the Deekraal mine is costing the Gold Fields group R150m and trial milling should start in the last quarter of this year.

Both of these mines are on the Far West Rand. In the Orange Free State, Union Corporation and Souternion Trust are spending R30m on the Unisel mine, which is scheduled to reach full production in November. Also in the Orange Free State, Union Corporation

is spending R30m on the Deekraal mine and has recently started extraction in a newly developed ore while exploration continues apace.

The situation has been similar elsewhere, even on the somewhat tarnished Golden in Western Australia, expansion is in the again. But this response to the firmness of the bullion market, dating back roughly to

increasingly difficult to win the gold. This point was made forcibly by the chairman of the Anglo American mines in the Orange Free State—the mines from this area, incidentally, provide about 30 per cent of South African production.

There is a clearly established trend in the industry towards mining ore which was previously unpayable and supplementing the underground ore with material which, in the days when extraction techniques were less highly developed, was once put aside as waste.

"Since 1972," noted Mr. D. A. Etheredge, the chairman of Anglo American's gold and uranium division, "the tonnage mined from remnants in our mines has steadily increased to the point where, at some of the older shafts, over half the tonnage is won from areas previously mined... With operations moving progressively further from the shaft, travelling times for both men and materials are continually increasing and give rise to a decrease in available time at the work face. The effective use of manpower is an on-going problem."

All of these operations are based on painstaking and expensive exploration going back several years. In a similar way Anglo American in 1973 started examining the possibility of treating the waste dumps of old mines surrounding Johannesburg. Just over a year ago the first production from a new plant designed to extract gold, uranium and sulphuric acid became available. Total cost of the project is put at R145m.

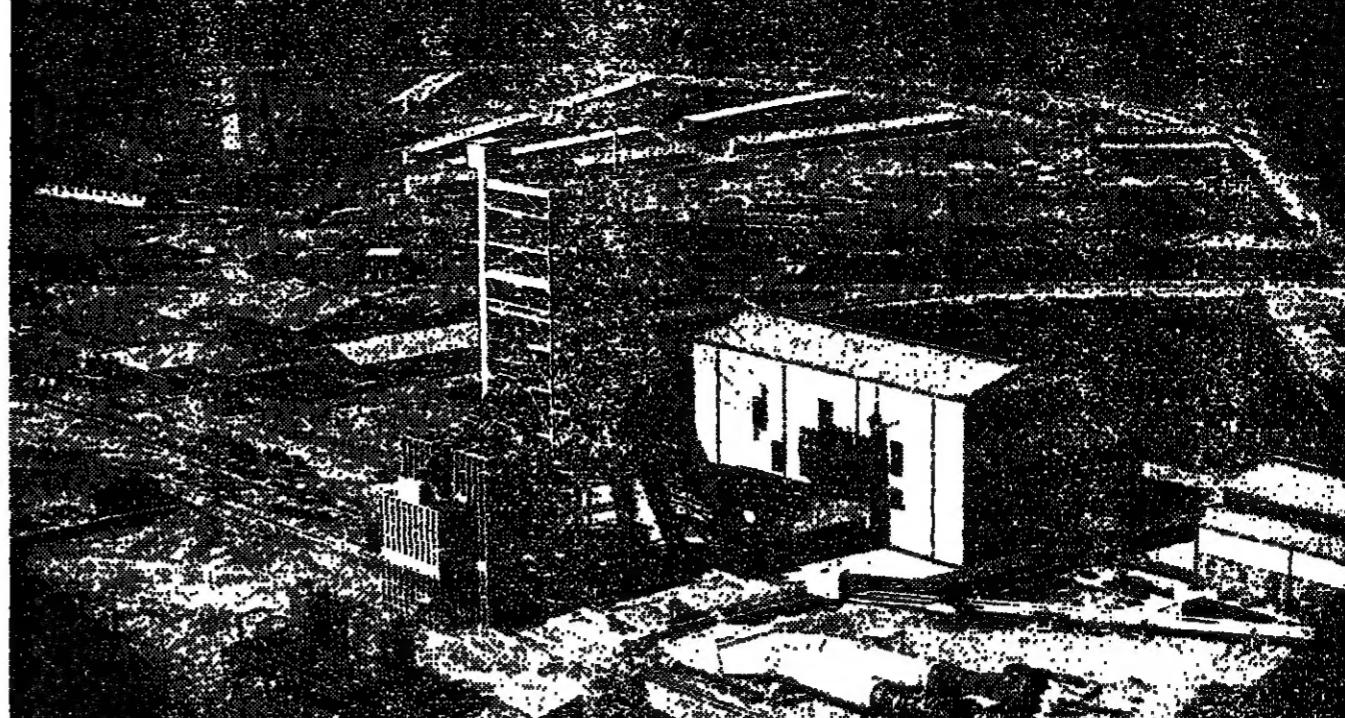
Expenditure, either made or committed, on these projects is thus R751m (£429.5m). At the same time individual mines are also expanding. But the effect, in terms of the whole South African output, is not marked. Mr. Ogilvie Thompson foresees 1979 production rising to 720 tonnes of gold and then moving gradually to 750 tonnes. But even that figure is still just three-quarters of the total output achieved in 1970.

There are two main reasons for this apparently sluggish growth in output. The first is that although new mines are coming on stream, older ones are ceasing production. Closure over the next few years of some of the older mines such as Marievale and Venterspost, which are presently producing about nine tonnes of gold annually and which have already given statutory notice of closure will reduce total gold output.

The second reason is that even in the large-scale operations with a life expectancy of up to 25 years, it is becoming

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Industrial demand holding firm

THE face of it the industrial demand for gold should have sagged some months ago in reaction to the repeated rises in the bullion price on the international market. Yet demand has remained remarkably firm in 1978 the amount of gold used in jewellery manufacture, industry and electronics increased for the fourth successive year.

But the puzzle remains. There is presumably some time lag in the bullion price is the dominant factor in decisions on purchases for manufacturing. When the international price rose throughout 1974 industrial use of gold was raised. There is no simple relationship between consumer demand and price changes, as was made clear in Gold 1978, the authoritative study of the industry recently published by Consolidated Gold Fields.

Statistics indicate that at these prices purchases of gold for jewellery and industrial uses did not decline, but the effects may depend upon particular market groupings and still more on advertising, price sensitivity may not be stable over time, so the limited evidence available suggests strongly that some effects are at least as important as price; certainly this is true in industrial uses.

Significantly, a survey of the market is not simply academic because by far the greater amount of gold placed in industrial use of gold in 1978 accounted for 284 tonnes of the supplies of 741 tonnes made available to the market. In the event of a sudden and sharp diminution of demand, the effect on the international price could be marked. Indeed, gold investment as such probably only makes sense if the industrial demand holds up.

But changes are nevertheless starting to take place which could render the application of this analysis impossible for 1979 and at the same time make real the consumer resistance which the U.S. companies thought would come about with a gold price over \$260 an ounce.

The predicted flattening out of the U.S. economy, added to tightened credit policies in the industrialised nations following the latest rounds of oil price increases, could affect the way personal income is disposed. Moreover the greater stability of the dollar in recent months has meant that the gold price itself is increasing in terms of currencies like the yen and the D-mark, whereas last year it was static.

Gold Fields is predicting that fabrication demand this year will remain roughly the same as in 1978, when jewellery accounted for 1,001 tonnes, electronics 85 tonnes, dentistry 87 tonnes, other industrial and decorative uses 75 tonnes, and medals, medallions and fake coins 46 tonnes.

Highest

With the exception of the medals and medallions sector, all the figures are the highest for four years, although jewellery demand was less than in 1970 and 1971 and electronics demand has not yet approached the 127 tonnes recorded in 1973. Jewellery usage would have been higher but for the events in Iran which caused a drop in consumption to an estimated 30 tonnes last year from 64 tonnes in 1971. It seems unlikely that there will be much higher this year given the continued instability.

But the amount of gold used in Iran is in any case insignificant compared with the tonnage absorbed in Italy, which is by far the largest single national user in the world. Last year Italy used 249.4 tonnes, of which 235 tonnes went into jewellery. The next largest user was the U.S. with an offtake for fabrication of 173.3 tonnes.

The prospects for maintaining gold demand this year therefore depend on an appreciable extent on Italy's ability to maintain its penetration of the export markets in Europe and North America, and in the developing countries for gold chain.

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GOLD III

Young Investor v. Old in share debate

LEADING GOLD MINES

(Operating costs per oz of gold \$)

East Driefontein	50	Kinross	114	Leslie	156
West Driefontein	56	Elyvoor	123	Welkom	167
Winkelhaak	84	*Vaal Reefs	127	Western Areas	175
Kloof	84	Hartebeest	129	*Stilfontein	175
St. Helena	94	Libanon	130	Venterspost	222
Western Deep	95	*Randfontein	130	Durban Deep	230
Western Holdings	98	President Steyn	140	East Rand Property	232
Free State Geduld	98	Marievale	141	*Free State Sasolplas	234
*President Brand	105	Grootvlei	144	Lorraine	235
Bracken	106	Doornfontein	146	*West Rand Consolidated	600
*Southvaal	113	*Buffelsfontein	153		

*Has important uranium income.

per cent appreciation in the gold price."

But his eyes twinkled and, more kindly, he said: "You see a gold share investor must always be prepared to job in and out of the market; he cannot just put the shares away and forget them. As for the political risk, this must be accepted in the same way that other forms of risk are taken into account in all areas of investment."

"At the moment gold share prices are not overvalued in relation to the risk element. Their dividend yields are moving well in the double-figure class, progress is being made in holding mine cost inflation down to reasonable levels and company earnings and dividends are still rising in the wake of the buoyant gold price."

"Rightly, or wrongly, the political discount in share prices is growing less. As for the dollar premium uncertainty, buyers are prepared to accept this in a rising market. To sell now and wait for its eventual removal could still mean facing higher share prices later on and losing good dividend income in the meantime."

Timing

"To sum up," said the Old Investor with a surreptitious glance at his gold half-bottle.

"The secret of successful investment is timing. That means being prepared to take a profit and to leave some for the other man and it also means being brave enough to cut a loss even if it follows a short-lived paper profit. Don't try to outsmart the rest of the field because nobody ever got in at the bottom and out at the top."

His listeners began to fiddle with paper and pens. "Well, give us a tip then," cried the bookmaker. By now the Old Investor was making his way to the door, but he paused and said: "If you've decided to take a profit don't instruct your broker to sell at the approaching round figure, say \$5. Others probably have the same idea and you might never make it."

"But what of the shares?" they cried in unison.

"Oh, don't buy too many," replied the Old Investor as the door closed on a final puff of cigar smoke.

Kenneth Marston
Mining Editor

of other people's wagers on animals which might be better employed in pulling darts or biting burglars, made a curious but telling comment.

"Dollar premium? Don't understand the damn thing. Never did. That's why I never touch foreign shares."

His forceful statement drew a snigger from two other guests who had earlier been bored by the bookmaker's long explanation of the mathematical mysteries of "Yankees" "cross-doubles," "accumulators" and other esoteric wagers.

The interruption was ignored by the Young Investor who had a serious turn of mind. He also had consumed far less of the port than his colleagues and, much to the annoyance of the Old Investor, had failed to pass the bottle on its clockwise way as tradition and good-fellowship demand.

Then with a slight flush, which owed more to excitement than to his so far untouched glass of port, the young man delivered his *coup de grace*. "And on top of the normal commercial risk of investing in a company which is dependent on the fortunes of a single product, a British buyer of South African gold shares—or any other overseas issue, for that matter—has to stump up the investment dollar premium," he said.

He added: "I know he gets the premium back when he sells the shares, but the premium can vary from day to day." One of the other dinner guests who apparently had no difficulty in making a comfortable living out

bottle from this callow youth, remarked: "Conversely, you could have done well by buying low and selling high. After all, you did say that the premium fluctuates."

"Yes," grudgingly admitted the Young Investor, "but it is generally agreed that the premium is to be abolished sooner or later. This is required under the Treaty of Rome and would fit in with the Conservative Party's stated intention to relax exchange controls. Seems to me," he added, "that a buyer is more likely to lose than gain."

"If you buy golds, you would be better off with one of the few UK-registered companies, notably Consolidated Gold Fields which gets about half its profits from gold mining via the Gold Fields of South Africa subsidiary. That way you avoid the premium and have the safety element of UK assets as well."

He had gone a little too far for the Old Investor. The table grew quiet as the latter, who had made a great deal of money over the years, drew upon his cigar and prepared to speak.

"I've nothing against Gold Fields," he began, "but I would not buy the shares as a gold investment while the company is still subject to UK dividend limitation. It cannot pass on the full benefit of its rising gold mining income on the one hand while, on the other, its shares would fall with the rest if there should be a political upheaval in South Africa."

"Better to buy GFSA or Anglo American Gold Investment. Such holding companies offer the lowest risk—and dividend yield, of course—in South Africa."

"And," he added with a severe glance at the Young Investor who was finding his chair less than comfortable, "so far this year, the index has risen 42 per cent compared with a 23



Dealing centres circle globe

TO A CASUAL OBSERVER nothing much seems to have changed in the international gold market over the past decade. The rather quaint twice daily gold "fixing" continues unchanged in London, while over in Zurich the big three Swiss banks (Swiss Bank Corporation, UBS, and Credit Suisse), still seem to peddle as much gold as ever. In faraway places like Kampuchea and Dubai, Johnson Matthey gold bars—the American Express cards of the gold trade—seem as popular as ever. Outwardly at least the London and Zurich gold markets still seem to behave like exclusive clubs from which outsiders have been barred.

But this impression of exclusivity is no more than a facade. It might have been the case ten years ago but since then there have been such major upheavals in gold dealing patterns that barriers have fallen and both London and Zurich have had to fight hard to meet the challenges.

Since the late 1960s the world gold market has been faced with three major changes, each of which has had a far-reaching

influence on the structure of the market. The first upheaval was the closure of the London gold pool in March, 1963. The second was the fragmentation and growing internationalisation of the market dating from the early 1970s; and the third upheaval was the phenomenal success of futures trading.

about quite markedly while London and Zurich are closed. As one London dealer recently bemoaned: "The gold price can be \$10 adrift before you get off the train at Surbiton!"

Gone are the days when a dealer could sleep easy in the knowledge that the price was set here in Europe.

Filtering
The impact of these changes is still filtering through the system but it is already having an effect in a number of ways. The most obvious is in the trading patterns. Ten years ago dealing was to a large extent dictated by European standards. When London and Zurich went home, gold dealing died down. A London dealer could afford to go to sleep safe in the knowledge that even if he was a "bit long" in gold, when he got to work the next morning the price would be much the same as the night before.

The growth of peripheral trading centres has meant, however, that prices move 24-hour operation. CONTINUED ON NEXT PAGE

▲ ABOVE
One of the twice daily gold price "fixing" sessions at merchant bankers and bullion dealers N. M. Rothschild in London. This traditional practice continues, although Rothschilds nowadays will be dealing in its other offices round the world, as part of today's international pattern.

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GOLD IV

A monetary renaissance

GOLD HAS crept back on to the old monetary stage as a result of the weakening of the international reserve role of the dollar over the past 18 months. The aim of the U.S. authorities—in the aftermath of President Nixon's decision to end the convertibility of the dollar into gold in 1971—to put the world on to a single dollar standard has patently failed—albeit with the compliance of the American Treasury itself, which since the announcement

President Carter's programme to support the dollar. November has been explicitly accepting a reduced international role for its currency. Instead, what is emerging is a multi-component international reserve system in which gold, alongside the dollar, the "hard currencies" of West Germany, Switzerland and Japan, and the European "cocktail" of the Asiad Drawing Right and the European Currency Unit, are playing an increasingly important role, both as a store of value in central banks' reserves and as a means of settlement official transactions.

Even before the crisis of confidence which hit the dollar in 1977-78, there had been signs of a reawakening of gold's monetary importance, notably use as collateral for the balance of payments loans to Italy and Portugal from the central banks of Germany and other industrial nations. But metal has only really taken a new lease of life since the start of the dollar's severe weakness in the autumn of 1977. Since then, the gold price has risen over 80 per cent in dollar terms, and, even more significantly, this year has also seen strong gains in terms of the hard currencies, against which it had previously been

soberly stable.

ales

Three major series of events in the past 18 months have led out as marking gold's monetary renaissance: the use of stockpile sales by the U.S. treasury to help finance the current account deficit and shore up the dollar; growing move among European central banks to increase the book value of their gold holdings to nearer the market value; and perhaps most impor-

tant of all, the decision by the EEC to give gold a central role in the pool of monetary reserves backing up the European Monetary System.

The sharp fall of the dollar last year, eventually prompting a turn-round in the U.S. policy of "benign neglect" to one of active defence of its currency, has resulted in a curious ambivalence surrounding the official American position on gold.

The U.S. is still generally regarded as principal opponent of gold remonetisation. It was

the main force behind the moves earlier in the decade to strip the metal of its monetary importance and relegate it to a position where it would be treated just like any other commodity.

Official moves in this direction were enshrined in the decision by the IMF in 1975 to abolish the official gold price and allow central banks to buy and sell in the open market—something they have been free to do since April 1978, when the change in the IMF's articles came into force.

As part of the demonetisation measures, the U.S. Treasury held two gold auctions in 1975 to help dampen the rising price of the metal; and the IMF in 1976 started its regular programme of gold sales under which it is gradually returning one-sixth of its gold stock to member countries and selling off another sixth to aid developing nations.

When in April 1978 the Carter Administration announced it was restarting gold sales from its reserves at an initial rate of \$300,000 oz a month—to help protect the dollar, the authorities claimed that this too was in the interests of gradual demonetisation. But in November last year, when President Carter announced that the Treasury was increasing gold sales to \$1.5m a month as part of a package of sweeping moves to arrest the by then seemingly unstoppable decline of the dollar, it became clear that U.S. policy on gold had in fact undergone an important psychological U-turn.

The U.S. decision to sell large amounts of gold—or to "realise its reserves" as European central bankers had been urging the Administration to do for months—was motivated primarily not by the desire to undermine the gold price but rather to take advantage of it

CONTINUED FROM PREVIOUS PAGE

everywhere else.

Of the two groups the London bullion houses have faced the greatest upheaval over the past decade. The closure of the London gold pool in 1988 was a very severe setback for London. The South Africans switched a large part of their gold shipments to Zurich and for a number of years London was left with the scraps of the international gold trade. Unlike

the Swiss, UK citizens are not allowed to own gold so the UK bullion houses had no home market to fall back on. Given this adverse set of circumstances the London bullion houses appear to have survived surprisingly well. They have won back some of the South African gold trade although the Swiss are still believed to do the bulk of the business. Swiss Bank Corporation, for instance, recently revealed in an interview with the Wall Street Journal that it had sold 28m oz of gold in 1977—more than South Africa's entire output.

If anything, the Swiss banks did not make the most of the opportunity in 1978 when they had effectively cornered the marketing of the world's gold. For a short time they held all the trump cards and could have put the London market out of business but they failed to capitalise on their advantage and now the gold business has changed so much that even the Swiss banks are finding it hard to retain their grip.

From an early stage the London bullion houses have tended to be more international than the Swiss banks and this has helped them retain their international position. When the Hong Kong market opened up following the lifting of official restrictions on bullion imports in early 1974 the British bullion houses became involved fairly rapidly. N. M. Rothschild moved into the Colony first, followed by Mocatta and Sharps Piesley. Johnson Matthey opened last year. Samuel Montagu is the only trader not represented directly although it has traditionally strong connections with the area.

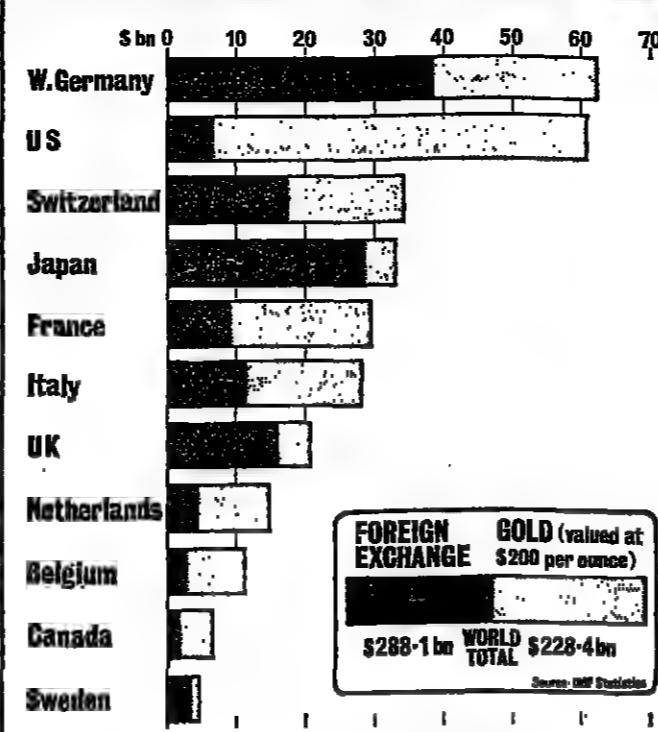
Turnover

There are in fact two gold markets in Hong Kong. The Chinese market deals in silver bars and there is an additional international market which deals "loco-London." Last summer one participant estimated that turnover was running at between 300,000 oz and 400,000 oz per day. An added attraction of this market is that it is the only international bullion market open on Saturday. Aside from Hong Kong, regional gold markets are also developing in Singapore and Sydney.

At roughly the same time as Hong Kong started to develop as a gold centre America legalised gold ownership and for a time there was a feeling that demand for physical gold in the U.S. would take off rapidly. Samuel Montagu, for example, went into a joint

Gold and Foreign Exchange Reserves

MAJOR INDUSTRIALISED COUNTRIES — End Feb 1979



But in fact in view of the dollar's stability and the improvement in the current account position the U.S. in April decided to cut by half, back to 750,000 oz, the amount of gold on offer at the monthly auctions. The move, which led to a rise of \$40 in the gold price within a month, confirmed what the increasing monetary importance of gold has been just one manifestation.

The effect of the November measures on the gold price was to bring about a \$30 slump within the space of three days—something which could be said to give the gold sales move a residual amount of demonetisation justification. But since then the price has risen strongly again in spite of the American success in strengthening the dollar. If U.S. gold policy had been still primarily concerned with restricting the rise in the world price, it would have continued with the level of gold sales announced in November.

many, the second largest holder of gold in the West after the U.S., had adopted a more neutral view of the metal. Now there are signs that in Europe the French position is gaining the upper hand.

The most direct illustration of this has been the growing number of major central banks to follow the lead taken by France in January 1979 in revaluing their gold holdings from the old official price of \$42.22 or SDR 35 an ounce. Up to the end of 1977 only Italy out of the major gold-holding countries had joined the move to revalue gold reserves.

Quite apart from this apparent shift in thinking by the U.S. authorities, weakening world confidence in the dollar and its fall against the hard currencies over the past two years have also led to important changes in the attitudes towards gold of leading European central banks. France, in direct contrast to the Americans, had always been a leading proponent of the monetary role of gold. Other countries like Ger-

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many, the second largest holder of gold in the West after the U.S., had adopted a more neutral view of the metal. Now there are signs that in Europe the French position is gaining the upper hand.

One of the few practicable ways of helping to cover the book losses on their foreign exchange holdings last year was to realise part of the significant under-valuation of their gold reserves, which had been valued years before in terms of Deutsche Marks, Swiss francs or Austrian schillings per kilo at a level equal to the then official price. Thus at the end of 1978 the Bundesbank revalued its holdings from an effective rate of DM 3,830 per kilo (\$82 per ounce) to DM 4,630 per kilo (\$75 per ounce), and the Austrian National Bank from Sch 27,600 per kilo (\$56 per ounce) to Sch 45,000 per kilo (\$99 per ounce).

Dropped

Switzerland dropped the idea of a formal gold revaluation because of legal difficulties, and so kept unchanged the valuation rate of SwFr 4,598 per kilo (\$82 per ounce) set in 1971.

Instead, it covered the depreciation requirement by drawing on extra reserves specially constituted to make up for the difference between the market price of its gold holdings and its valuation price—an elegant accounting device which in fact had the same effect on the balance sheet as a formal revaluation.

None of these three countries, or Holland, which revalued its holdings in mid 1978, brought their valuation as close to the market price as France, Italy or Britain, which revalued its reserves up to the market level less 25 per cent discount on March 31 this year. Nor, it can be argued, have the moves by any of these central banks led to any real increase in world reserves. Since the changes in the IMF articles, central banks in have anyway been free to trade gold among themselves at

market-related prices (though none of the major ones has done this so far), regardless of the accounting base used to value the gold in their reserves.

None the less, the move towards market related valuation, especially by the Bundesbank, which had long resisted any change in its treatment of gold, is an important symbol of the reassessment of gold's role which has taken place.

Especially for countries like France, Belgium and the Netherlands, whose gold reserves are large in relation to their foreign exchange holdings, the mechanism allows EEC countries to use directly their gold reserves at market prices to pay intervention debts while at the same time sparing them the risk which this sort of transaction would normally entail of upsetting the price on the international market.

Neutral

It has been one of the surprises of the world monetary scene that Germany, noted both for its neutral position on gold and for its opposition to mechanisms which inflate world liquidity, last year did not make greater efforts to tone down the French initiative to promote the use of gold in the EMS.

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The accounting changes represent just one aspect of the European change of heart about gold. The setting up of the European Monetary System (EMS), the product of a Franco-German initiative to protect European currencies from the worst excesses of gyrations in the dollar, has promoted gold to a central role as a means of settlement among European central banks.

Under the scheme, which formally got under way on March 18, central banks of the eight countries initially participating in the European Monetary Cooperation Fund 20 per cent of their dollar and gold reserves in order to fund a first issue of European Currency Units. A stock of these currency units is held by each central bank in order to finance intra-EC settlements.

The important aspect as far as gold is concerned was the valuation procedure for the gold component of the pooled reserves—the average market price over the six previous months or the market price of the penultimate working day, whichever is the lower (in order to avoid valuation above the prevailing market price).

The technicalities of the procedure mark something of a triumph for France, the most gold-minded member of the

David Marsh

Centres

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he growing internationalisation of the old business has meant that there is a bigger role to share and both London and Zurich bullion houses have undoubtedly benefited. But they have also found that they have to share the cake with many more people. The exclusivity of the London and Zurich gold markets does not extend to Hong Kong and New York where they have to pitch in with

venture with Handy and Harman and Merrill Lynch to market gold to private investors. But this was not particularly successful and has been wound down.

Given this adverse set of circumstances the London bullion houses appear to have survived surprisingly well. They have won back some of the South African gold trade although the Swiss are still believed to do the bulk of the business. Swiss Bank Corporation, for instance, recently revealed in an interview with the Wall Street Journal that it had sold 28m oz of gold in 1977—more than South Africa's entire output.

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From an early stage the London bullion houses have tended to be more international than the Swiss banks and this has helped them retain their international position. When the Hong Kong market opened up following the lifting of official restrictions on bullion imports in early 1974 the British bullion houses became involved fairly rapidly. N. M. Rothschild moved into the Colony first, followed by Mocatta and Sharps Piesley. Johnson Matthey opened last year. Samuel Montagu is the only trader not represented directly although it has traditionally strong connections with the area.

Attracted

Investors that would traditionally have put money in gold during the recent currency crises have been attracted by the liquidity of the U.S. futures markets and it is arguable that some business will have been lost to London and Zurich as a result. The growth of the futures market has led, however, to a parallel growth of a "loco-London" market and rising futures activity leads to a greater need for warehouse stocks.

Both the London and Zurich markets are very much physical markets as opposed to the paper markets of New York and Chicago. The London and Zurich dealers argue that they are sticking to what they know best—physical gold. A lot of skill and expertise is needed to ship, refine and insure gold and Europe is very good at it. The Americans do not dispute this, and the big physical markets are likely to remain mainly controlled by London and Zurich.

The emphasis on physical trading has meant, however, that both Zurich and London have largely passed out of the boom in futures trading. Similarly, the growth of gold certificates issued by U.S. banks such as Citibank and First Chicago is another area where they are lagging behind. Zurich and London have a tremendous tradition and position in the gold market but if it continues to change at its current pace their overall influence is likely to decline further over the long term.

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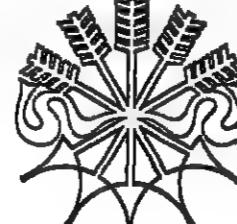
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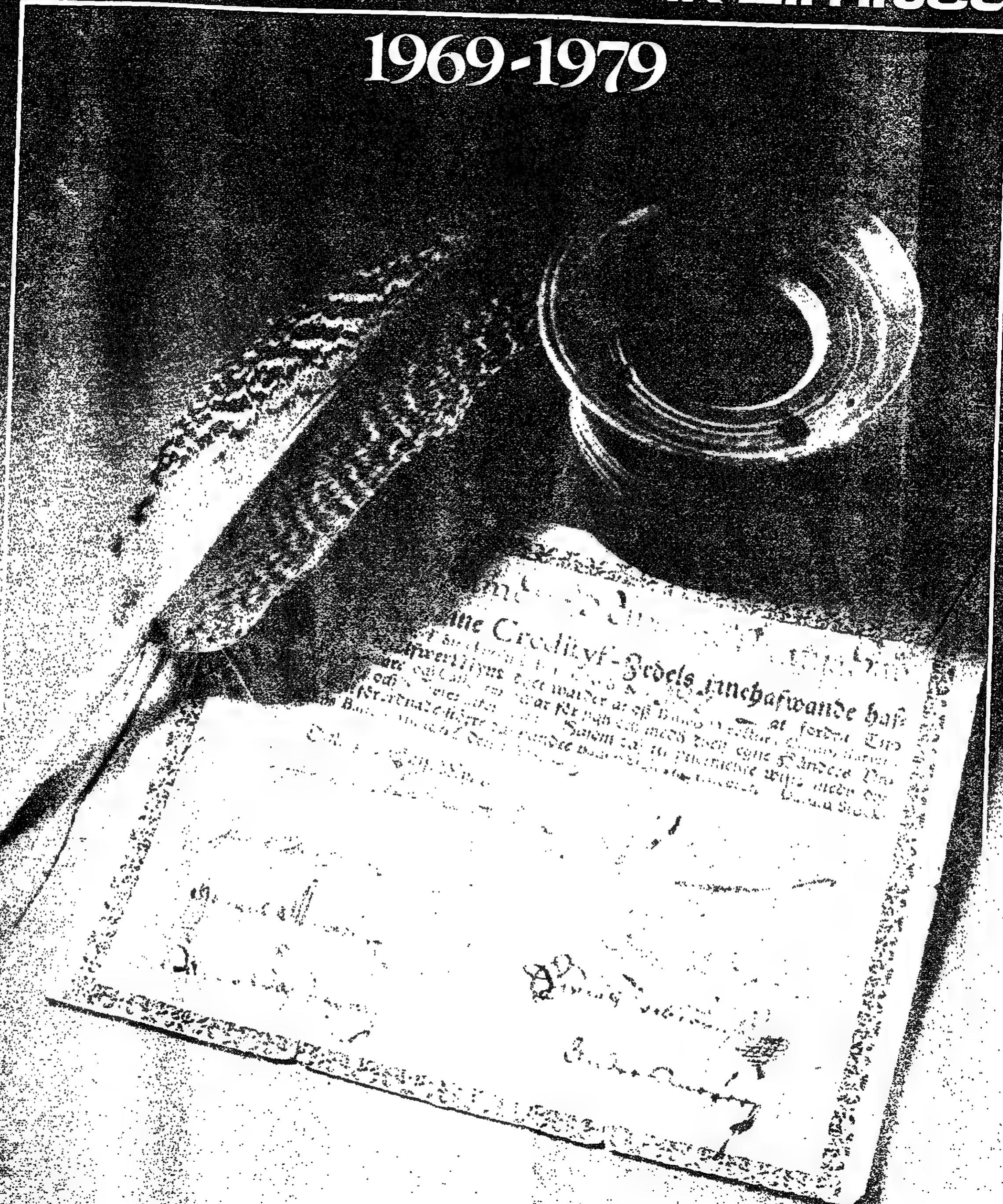
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UK NEWS — LABOUR

Construction workers accept pay package

BY NICK GARNETT, LABOUR STAFF

CONSTRUCTION WORKERS, one of the last major groups in the current wage round, agreed a pay package with employers yesterday after difficult negotiations.

The deal, which will be formally ratified on Thursday, will add an estimated 13 to 14 per cent to the industry's wage bill. It takes effect on June 25.

Settlement was reached when employers on the Building and Civil Engineering Joint Board agreed to consolidate a further 20p a week from the industry's guaranteed minimum bonus into basic pay. They also agreed to hold early discussions on reviewing the minimum earnings structure for the 700,000 workers covered by the deal.

Yesterday's settlement followed a rejection of the last

offer by the Transport and General Workers' Union, the General and Municipal Workers' Union and the Furniture, Timber and Allied Trades Union. The Union of Construction, Allied Trades and Technicians, the largest union in the industry, had been prepared to

reject the deal.

Mr. George Henderson, the TGWU's national construction secretary, claimed the credit for the improvements.

UCATT said it had not been prepared to mount a confrontation with employers when no new money was available.

Yesterday's improvements were very marginal, it claimed.

For craft operatives, the settlement changes the standard basic wage rate from £4 to £5.10; the joint board supplement from £10.30 to £8.40 and

the guaranteed minimum bonus from £8 to £7. Guaranteed minimum earnings will rise from £60.20 to £67.

The standard basic rate for labourers will be increased from £37.60 to £44; the joint board supplement from £9 to £7.20 and the guaranteed minimum bonus from £5.40 to £6. Their guaranteed minimum earnings will rise from £52 to £57.20.

Basic wage rates remain 20p higher in London and Liverpool than elsewhere.

Any talks on restructuring the unions will be seeking further consolidation of the minimum bonus and the joint Board supplement. The supplement forms a higher percentage of minimum earnings than it did before the last round of pay controls.

NALGO prepares to fight job cuts

BY OUR OWN CORRESPONDENT

A CONFRONTATION over jobs loomed yesterday between Britain's biggest white collar union and the Government.

The executive of the 730,000 member National and Local Government Officers Association issued an emergency motion expressing its determination to fight the Government's plans for public spending cuts.

When the union's annual conference opens in Blackpool today delegates will be asked to admit the motion to the agenda. It is expected to be debated on Thursday.

The executive is asking the conference to:

- Declare full support for industries which decide that industrial action is necessary to stop redundancies, and urge branches to co-operate with other unions in protecting jobs.

- instruct members to refuse to perform duties attached to vacant posts and refuse to co-operate with any developments unless additional payment is provided.

- Call on the TUC to promote vigorous collective opposition to

Government policy on public expenditure.

The executive fears that the Government's declared policy will result in "a further deterioration of public services which have already been subject to severe restraint in recent years."

Mr. Mike Blick, chairman of the union's local government committee, said yesterday that the union's priority during the next 12 months would be job protection.

He was speaking at a group meeting representing 450,000 members in the town halls where delegates were told that talks on their 18 per cent pay claim are expected to begin later this month.

There is little chance of that claim being met and Mr. Blick urged that plans for any industrial action should be deferred until the employers had made their final offer.

Britain's hospitals face disruption from 80,000 NALGO administrators and clerical staff in the National Health Service who are dissatisfied over a pay claim.

BL Cars strives to solve white collar pay problem

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS has taken the initiative to head off trouble from white collar unions after a one-day strike yesterday by 6,000 design workers.

TASS, the staff section of the Amalgamated Union of Engineering Workers, brought out its members in protest at the company's failure to implement a new grade structure that could yield wage increases of between 15 and 30 per cent.

BL Cars announced yesterday that it was seeking an urgent meeting with all its staff unions at which to put forward proposals to overcome the difficulties.

TASS is opposed to the company's insistence that higher payments for design workers must depend upon improved productivity on the shop floor.

Management accepts the union argument that pay for design workers has fallen out

of line with that of competitors, such as Ford, but maintains that any awards must be self-financed.

BL is hardly likely to shift ground on this fundamental principle, but it may suggest other ways of qualifying for higher earnings. Instead of requiring output across the group to reach planned output levels, the company might phase the new payments over a longer period.

The one-day strike by TASS is only the first stage of a militant campaign which is intended to embrace an overtime ban, working to rule, and refusal of co-operation on the introduction of new models, such as the Mini Metro.

The corporation's restructuring plans, too, are likely to meet opposition from the POEU, which wants the offer split up to give pay increases of 15 per cent from July 1, with talks on restructuring to give target increases in January of a further 10 per cent. The union has warned of action from July 1, if its claim is not met.

A CATALOGUE of about 1,500 Health and Safety Commission and Executive publications on health and safety at work was published yesterday by the Health and Safety Executive. "Publications Catalogue," Health and Safety Executive, SO, £1.

Murray wants buyers to meet workers

BY OUR LABOUR STAFF

FOREIGN AND British buyers visiting factories should meet workers' representatives as well as management so that they can have a better appreciation of the customers' needs. Mr. Len Murray, general secretary of the TUC said yesterday.

He told the Institute of Practitioners in Advertising in London that trade unionists were already taking part in identifying and satisfying the interests of makers and users, suppliers and customers.

He said: "I would like to see more of the face-to-face interchange. I look forward to the day when it will be standard practice for a foreign buyer, of a British buyer, visiting a factory to meet not only the sales manager and the produc-

tion managers but the shop steward of the works committee so that they too will hear the grumbles and complaints—and understand better the demands of the man with the money to spend if he can get what he wants when he wants."

Mr. Murray believed this would "work a lot better than newspaper leaders or a poster in the works canteen urging the workers' to pull their finger out."

On the general problems facing industry, Mr. Murray said British companies were spreading their world marketing too widely and too thickly. They should instead be learning from the example of their foreign competitors who appeared to be selecting a few key markets and concentrating their resources, manpower as well as money, on making a big impression on them.

"In the domestic market, the story we hear all too frequently is that makers and users and makers and retailers do not keep closely in touch with each other."

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Talks seek to avert Tube men's strike

By Our Labour Staff

LONDON TRANSPORT and the three railway unions will hold joint talks today with the Advisory, Conciliation and Arbitration Service to try to avert a Tube strike set for next Monday.

ACAS yesterday got agreement from all the parties to come in for today's talks after contracting the employers' and trade union sides separately last

week.

Hopes of averting the strike have worsened after a decision by the train drivers' union, ASLEF, to join the action called by the National Union of Railwaysmen.

The executive of ASLEF, which has about 2,200 members on the Tube, decided at the weekend to act unless London Transport made a satisfactory pay offer.

An all-out strike by ASLEF members is thought unlikely, but union officials have given warning of selective strikes and other forms of industrial action.

The ASLEF executive also joined the NUR in making it clear that there would be no point in London Transport calling any further meetings of its Railway Negotiating Committee unless more money was on the table.

The NUR yesterday sent strike instructions to its members, British Rail staff and the few bus workers the union represents have been instructed not to do extra work or operate extra services designed to alleviate the effects of the Tube strike.

The NUR, ASLEF and the white-collar Transport Salaried Staffs Association have rejected a pay offer worth 10.3 per cent and are pressing a claim for all 23,000 Tube workers of 17.20 per cent.

He was speaking at a group meeting representing 450,000 members in the town halls where delegates were told that talks on their 18 per cent pay claim are expected to begin later this month.

There is little chance of that claim being met and Mr. Blick urged that plans for any industrial action should be deferred until the employers had made their final offer.

Post Office negotiators have already put details of the proposals to the Society of Civil and Public Servants, and are expected to repeat the offer to the Civil and Public Services Association.

The two unions represent clerical and computer staff in the telecommunications division. They have been taking strike action in support of their pay claim for increases of about 25 per cent. This has halted the issue of all computer-processed telephone bills.

The new offer, which has not yet been formally put to the largest telecommunications union, the Post Office Engineering Union, adds 3.1 per cent to the payment for accepting grade restructuring.

The former offer, which the unions have rejected, put forward increases of 8 per cent in basic rates with 3.7 per cent for grade restructuring. Those groups, including the SCPS and CPSA, whose pay date is April 1 would also receive 2.5 per cent for moving their settlement date to July 1.

The new element, though, would not be paid until April next year and is conditional upon the acceptance of the Post Office's restructuring plans.

Some unions are unhappy about what they see as this year's settlement being taken over to next year.

The corporation's restructuring plan, too, are likely to meet opposition from the POEU, which wants the offer split up to give pay increases of 15 per cent from July 1, with talks on restructuring to give target increases in January of a further 10 per cent. The union has warned of action from July 1, if its claim is not met.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A school view of industry

THE TRANSITION from school to industry can be a "traumatic experience," according to Gerry Richardson, managing director of ICFC-Numas, the management consultancy arm of Finance for Industry, which is itself backed by the English and Scottish clearing banks and the Bank of England.

This long-held belief of Richardson's is behind the launch of a new initiative to create a better understanding among school students of what is involved in industry and what its role is. Organised and administered by ICFC-Numas, the scheme—called Understanding Industry—has the backing of the Department of Industry, over 40 companies, several local education authorities and FFI.

The project involves a series of eight lectures to groups of pupils in schools by businessmen and trade union representatives. The lectures cover, firstly, a broad description of industry, followed by more detailed talks on finance, marketing, technology, manufacturing and production, accountants and accounting, and human relations. The final session involves a summary, a short test and a discussion.

A recently-completed, nine-month pilot project within 14 schools in Lancashire, the Cheshire Valley and Wiltshire, has enabled an assessment committee to analyse the effectiveness of the scheme and to suggest refinements. For example, initially the project was designed to ensure no disruption of school curricula and minimum involvement of teachers, but because teachers wanted greater involvement this has been catered for.

All speakers are provided with a standard text for their lectures—prepared by ICFC-Numas—although their own experiences and descriptions of their companies can be incorporated. Speakers should also set a briefing at the school at which they are to lecture and will be advised of various teaching techniques. This format is designed to overcome the undoubted inexperience of industrialists in communicating with school students.

The organisers and assessment committee feel there has been an encouraging response from students to the lectures, which are spread out over one year and, ideally, embrace speakers from various types of company—large, small, public and private, and involving manufacturing and service activities.

Discussions are under way for further 100 schools to participate in the project and efforts continue to get increased sponsorship from companies within different local education authority areas. The aim is to get both financial sponsorship—a suggested basis being £50 from companies employing 50 or less people, £100 from those with 50 to 200 and £200 from those with over 200 employees—and speakers, who participate on a voluntary basis.

John Wyles on a U.S. automotive supply corporation's efforts to counteract the effects of industry cycles

Eaton's unceasing struggle for recognition

FOR EATON CORPORATION glamour has always been more difficult to acquire than for other companies. Since its humble origins in 1911 as a New Jersey truck axle manufacturer, Eaton has grown, indeed blossomed, through acquisitions into major force in the worldwide auto supply industry with 200 plants on five continents and with sales last year approaching \$3bn. But typical of Eaton's frustrations is the fact that after spending around \$450m buying new businesses last year, it should still finish 1978 as number 103 on the Fortune list of the 500 largest U.S. industrial companies.

Few other large corporations try harder than Eaton to do the right thing by their employees and shareholders, but many more gain easier recognition of their virtues. Perhaps this is the price to be paid for being headquartered in unglamorous and technically bankrupt Cleveland, Ohio, or the penalty for manufacturing parts for final products which carry household names such as General Motors, Ford or International Harvester.

But Eaton never ceases to struggle for recognition and last year it swept two companies under its corporate wing—Cutler Hammer and Kenway Inc.—

which may do much to move its centre of public gravity away from the underside of a truck.

These were two of a trio of acquisitions—the third being Samuel Moore, an Ohio based manufacturer of plastic and metal tubing products—which represented a recognition at Eaton that a diversification programme begun in the 1960s had failed to provide adequate shelter from the peaks and troughs of the auto industry cycle.

Although Eaton made literally dozens of acquisitions in the 1960s, the most notable was the purchase of Yale and Towne Manufacturing Company, whose main product lines were locks, industrial trucks and bolting equipment. In 1965, as a result, Eaton Manufacturing Company became Eaton Yale and Towne, which, after further mergers became Eaton Corporation in 1971. By then sales were approaching \$1.2bn and the company's assets spanned five continents. But despite operating five broad product groups—truck com-

ponents, automotive controls, industrial and security products and materials handling—the company still had a soft underbelly. Thus in the mid 1969-70 recession, Eaton's earnings fell from \$60.9m to \$47.3m and its sales from \$1.054bn to \$997.4m.

Two of the businesses which came with Yale and Towne—locks and fork-lift trucks—consistently failed to provide the earnings which had been hoped for and, significantly, Eaton sold off the securities products segment last year.

Analysts who follow the company, such as Peter Zaglio of Loeb Rhoades Hornblower, have long recognised that Eaton's major markets may lead or lag one another during a cycle. "But the leads and lags have not been sufficiently long to provide overall balance to consolidated results. A typical cycle would find Eaton's major markets turning in this sequence: automobiles, light duty trucks, heavy duty trucks, industrial vehicles and off highway equipment and, lastly, non-electrical machinery," says Zaglio.

Mr. E. M. (Dell) de Windt (favourite motto "behind the turtle") has made progress only when his neck is out"), chairman and chief executive, acknowledges that five years ago his company felt that it had done the right things "and that we were immune to a large drop in earnings. But 1975 was a rude awakening." This was the year when the full blast of the OPEC oil induced recession took the legs away from the car and the truck markets, although its impact on Eaton and the truck industry was sharpened by new government regulations which prompted an advance truck purchasing spree in 1974 and left the market for dead in 1975.

Eaton's sales in 1975 dropped by 11.4 per cent but its profits plummeted 47 per cent from \$88.9m in 1974 to \$47m. This wrenching experience drove home the message that recession could indeed still take a sword to Eaton's balance sheet and the company was still far too dependent on its basic business of manufacturing everything from axles to valves for the automobile industry.

Robert Brown, executive vice-president for corporate development, set to work with a small team to identify possible take-over targets. "We decided that we needed to add new businesses with combined annual sales of \$750m and with a growth potential equal to gross national product," says Brown. Within the general span of its automotive operations, Eaton had become particularly concerned about the vigorous growth of the market for its heavy duty truck transmissions in the post-1975 recovery. In 1976, these were accounting for more than 30 per cent of sales.

Fresh urgency was therefore given to the analysis. Mr. Brown was conducting 3,000 companies in 15 to 20 different markets. He and his team whittled down their numbers to 25 or 30 for closer analysis and finally the candidates for acquisition were reduced to five which were judged to be of the right size and market leadership.

But identifying targets, albeit laborious, is one thing. Persuading them to surrender their independence is quite another. In October 1977, Eaton appeared to be identifying its priorities when it paid \$10.5m to Carbonium, a leading manufacturer of industrial abrasives. But Eaton's \$364m offer was deemed inadequate by Carbonium's



Space shuttles, air traffic control, and fork lift trucks are just a small sample of the wide range of industries across which Eaton is spread.

management which went in search of a "white knight." This mantle was eventually donned by Kennecott Copper Corporation, many of whose shareholders were subsequently deeply dubious about the value eventually obtained for a purchase price of \$567m.

With sales of \$613.9m in 1976, Carbonium was close to satisfying Eaton's main criteria for an acquisition. Its earnings had nearly doubled during the 1972 to 1976 period when Eaton's were seesawing. It was well established in a number of markets but it was also the owner of growth businesses in the natural resources area. Its management had a good reputation for marketing and technical skills.

Unhappily, however, it had opted for different ownership and so Eaton was forced to consider some of its other five most favoured companies.

Private approaches to Cutler Hammer, an 86-year-old electronics company with sales in 1977 of \$510.5m, had already revealed an earnest desire to remain independent but, early in 1978 a complicated takeover battle swirling around Cutler Hammer worked to Eaton's favour.

from \$16.925m on sales of \$379.1m in 1974 to \$33.5m on sales of \$5.678.8m in 1978. Its products range from semiconductor manufacturing equipment to a variety of electronic control systems for ships, harbour guidance, air traffic control, aircraft, spacecraft and power hand tools.

In essence, Eaton's electro-mechanical products and valves are as technically distant from Cutler Hammer's most advanced products as the Kitty Hawk from the space shuttle. But at a time when electronic components are becoming increasingly important in passenger car design and when its main rivals such as Bendix and Dana Corporation are developing such products, the synergistic possibilities for Eaton are obvious. As soon as the news of the Cutler Hammer acquisition broke, de Windt took a number of phone calls from companies offering to buy Cutler Hammer's Allis division whose major customer for its advanced control systems is the U.S. government. Its sophisticated electronics have won this company a growing reputation and its potential for growth is extremely high.

But another of Eaton's acquisitions last year, Kenway Inc. of Salt Lake City, Utah, also looks to have intriguing possibilities. Little more than 12 years old, Kenway has been unobtrusively nurtured by Eaton for about eight years during which time it has had a 22 per cent stake in the company and three directors on its board.

With venture capital supplied by Eaton, Kenway has become one of the major factors in the automated materials handling market in the U.S. At the moment, the market is small—\$180m last year—but Kenway's customers for systems which automatically deliver components to the point of manufacture and provide for precise control of inventories already include such blue chip names as Eastman Kodak, General Motors and International Harvester. The company delivered \$50m of products last year, expects to deliver

more than \$75m this year and has an order book of over \$100m. Its projection of \$650m in shipments in 10 years is probably as conservative as its expectation of an 18 per cent annual growth of the market.

Kenway's management had resisted a full takeover by Eaton so as to retain the incentive to build a company. As managers and technicians felt last year it decided that the time was ripe and that its customers wanted to deal with a company with the evident financial strength of \$2bn and upward.

The major question mark now is whether Eaton can maintain the momentum and management initiative which made both Cutler Hammer and Kenway such attractive propositions. At the end of last August, Eaton consolidated its operations into two areas: transportation products and industrial products and Edmund Fitzgerald, the former chairman and chief executive of Cutler Hammer was put in charge of the industrial products group which includes most of Cutler Hammer's activities and some traditional Eaton businesses.

Kenway's managers say that life with the new Eaton does not feel any different than it did before the merger. de Windt and his colleagues are happy for the time being to leave Cutler Hammer virtually as a separate company, although some expansion of management services is being slowly implemented. Cutler Hammer's capital spending plans have, he says, been incorporated into Eaton's budgeting without significant amendment. But the real test not only of the wisdom of Eaton's selections for acquisition, but also its management judgment on corporate strategy may well come when the traditional businesses are confronted with the automotive cycle.

Competition for resources could then be greater and much hangs on how well Eaton can then justify the claims of venture and development capital which electronic businesses are so adept at making.

BOOK REVIEW

Success in the Euro-circus

the statement: "Business inside the community needs to take more note of the industrial and legal framework which is being developed. Business outside the European Community" But rather than discourage the reader it should give a clue to the no nonsense approach that its author, John Drew, has brought to the sometimes baffling world of Brussels.

Mr. Drew, who is head of international affairs at Rank Xerox, introduces his book with

tackling free EEC markets. His book is an original and readable study of how the common market ticks. Not so much a working tool for export managers as an assessment for senior management and boardrooms of the changing economic and political ground rules that will determine the future of European business.

There is a key passage in the foreword to the book by Roy Jenkins, president of the European Commission, which reads: "There is still a great deal of misunderstanding—for which we in the European commission must bear our share of responsibility—about how the community affects business, and how British exporters, indeed all those who do business in the EEC, can make the most of the opportunities provided by the common market". For the value of John Drew's book is that it works hard at dispelling misunderstandings and the policies they are trying to frame.

Those two passages might, at first sight, seem contradictory.

But the truth of the matter is that he has produced a book that does not attempt the task of being a salesman's manual for

has made his analysis of the community more light and readable than the subject matter might suggest. These "boxes" range from details of Euro MPs' pay to an explanation of the tasks of an EEC commissioner by budget commissioner, Christopher Tugendhat.

Presenting the human face of Brussels is no bad thing, but the chief strength of "Doing Business in the European Community" is its explanation of different aspects of EEC policy, industrial policy, competition rules, external arrangements, monetary co-operation, agriculture, energy and the budget are just some of the topics dealt with in a clear and objective style. Just as valuable, perhaps, are the sections explaining how Brussels functions and negotiates and what are the component parts of what has been dubbed the Euro-circus.

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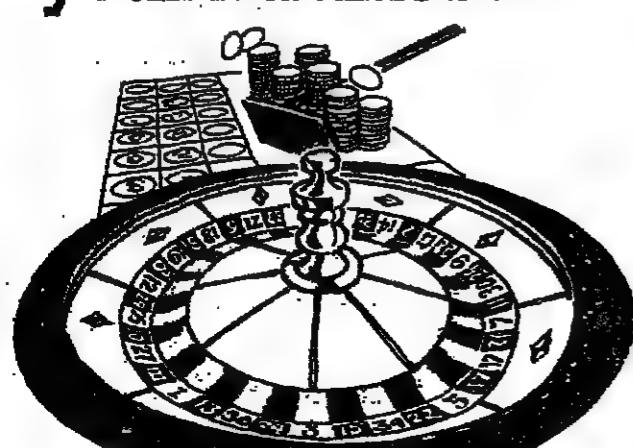
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LOMBARD

A two-way pull on gold prices

BY KENNETH MARSTON

THE MOST important development in the gold scene last year was not the rise in the bullion price from \$165 to \$226 per ounce, but its achievement of an international monetary standard that outclassed that of the U.S. dollar.

As Christopher Glynn says in Gold 1979, the annual review of the bullion market produced by Consolidated Gold Fields: "It is now certain that the acquisition and use of bullion will provide a constant feature of prudent asset management both in private portfolios and official reserves."

Ironically, the major factor in bringing gold in out of the cold was the action of the U.S. Treasury in mounting big monthly auctions of gold which at one time amounted to 1.5m ounces, not so very far short of South Africa's total monthly production of around 1.9m ounces. Ostensibly designed as a support measure for the dollar, the U.S. sales were seen in other quarters as another move in the battle to reduce the standing of the metal against that of the dollar: to finally demonetise gold.

Misfired
It was the case, the move misfired. The more gold that was offered the more eagerly it was snapped up at rising prices. Total gold sales last year are estimated at no less than \$10.8bn compared with the previous record of \$7.8bn in 1977.

Gold has since been promoted to a reserve asset in the European Monetary System and the monthly offerings of U.S. Treasury gold have been halved: they could well be halted altogether in the not too distant future.

The dollar, on the other hand, still faces uncertainties despite its recovery: "However smooth the path of international relations in future years, and few would guarantee a lessening of political tensions, it is difficult to be sanguine about the long-term outlook for the dollar," says Gold 1978.

The most important development in the gold scene that has taken place in 1979 has been the rise in its price in terms of all currencies, rather than in dollars alone as was the case for virtually all of 1978: hedging against the dollar has become a secondary consideration in the bullion market.

Factors which have taken

over the running include the China-Vietnam border fighting, inflation and the events in Iran which have plunged the world into a more severe oil crisis. As a store of wealth, gold is regarded as a haven in times of trouble. Put another way, it rises in the world price of the metal is related to the world hoisting stockpiles.

The swiftness of the advance in the gold price this year to around \$280 may be a measure of the gathering energy storm. The energy crisis makes forecasting future movements in the gold price even more difficult. Because a reduction in the use of oil does not necessarily mean a fall in its cost—and the spectre of a sharply rising price is looming—one cannot be too sure about how well the U.S. economy will weather the gathering recession.

Any weakening of confidence in the U.S. economy may well have an unsettling effect on the dollar. In which case it can be argued that the price of gold would rise on a hedging demand.

But what of the other, more important demand for gold—the buying by the jewellery trade which last year is estimated to have accounted for some 1,000 tons out of total supplies of 1.741 tons?

Resistance

Already the high prices of gold, in terms of all currencies, are meeting some resistance from jewellery buyers. A weakening of the U.S. economy might well be accompanied by a fall in jewellery purchases from a nation which absorbed just on 100 tons of gold jewellery last year.

So we have the prospect of a two-way pull from the U.S. on gold prices and only time will tell which influence will exert the greater pressure. However, after their strong advance gold prices may well be becoming vulnerable to any profit-taking and a reaction in the price could be seen before the year is out.

Such is the hard-won status of the metal as a store of wealth, that any reaction is unlikely to be unduly severe—the days of prices below \$200 are probably gone for ever as are those of base metals which obtained in the 1975 depression. As for demonetisation, that is a topic which is unlikely to figure in any serious debate on the role of gold for quite a while.

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10.30 Tonight.
11.35 Multi-cultural Britain.
11.35 Weather/Regional News.
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Northern Ireland—5.55-6.20 pm Scene Around Six. 11.35 News and Weather for Northern Ireland.
England—5.55-6.20 pm Look East (Norwich); Look North

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THE ARTS

Aldeburgh Festival

Church parables

by ANDREW CLEMENTS

Of all the Britten works remastered at Aldeburgh over the years, none retains the sense of place more than the three "parables" for church performance. "Orford church isn't an ideal setting for any sort of opera — only a portion of the audience has an impeded view of the acting area. But almost as wide as it long, the dimensions and aesthetics of Orford suit the timacy and the haunting spiced textures of these perfectly shaped works exactly. Appropriately the 1979 Festival began there on Friday and tuesday evenings with revivals.

The first two parables, *Curlew River* and *The Burning Furnace*. *Curlew River* is now 15 years old. A lot has happened to the theatre in that time. In the Festival the Fires of London are presenting Maxi Davies's *The Martyrdom of Magnus* at Snape, and the cast will have been brought into circle. But *Curlew River* remains the genre's single masterpiece, an extraordinary fusion of Eastern stylisation and Christian emotional response that the *Not* players who tried Britten's imagination for the works in 1956. Enthralling experiences.

*

A visit by the Cambridge University Musical Society has become an Aldeburgh tradition in the 1970s. It usually brings a big choral work — as much a chance for the Festival regulars to mingle along to the vocal score and for the singers and orchestra to be indigued by the marvellous Maltings acoustic.

On Sunday afternoon, conducted by Philip Ledger, they filled the place with a fearful sound in Handel's *Israel in Egypt*, a very good choice for such an energetic, responsive choir; part I in particular is crammed with spectacular big choruses. The soloists in such a sparkling performance were inevitably a little in the shade but David Cordiner made much of "Their land brought forth frogs," a pleasant flexible counter-tenor, presumably yet another product of the Cambridge choral tradition.

Elizabeth Hall

Perahia

by DOMINIC GILL

In the seven years since he won the first prize of the Leeds International Piano Competition, at the age of 24, Murray Perahia has experimented with many degrees of success, also conductor, chamber musician and accompanist. Some of those experiments were happy ones, less so, and all will be valuable to him. But recital he gave on Sunday noon confirmed — and no formation could have been more winning, or more triumphant — that his first and deepest talent lies still with the instrument.

It was a marvellous recital: kind, and in every respect matters, nearly faultless. We'd three major performances, the one that exalted level which — as I never tire of finding readers of this page here are no "better" artists, but there are no "better" posers: only different ones. Listener can't quibble with strumming of such transiit and magical authority; he'll take it as it comes, and even in disagreement, must admire.

There was little time enough for disagreement, for this drew us directly, in the first bars of Beethoven's E flat sonata 7, into an irresistible and raking web: every shade and of the opening movement — with colour, every line impulsively drawn — and driven by a quick rhythmic snap. The movement was a true, orchestrally conceived; scherzo, with its growing, delicately contrasted: the high point of the finale its

Rodney Friend to lead BBC SO

The BBC has announced the appointment of Rodney Friend as leader of the BBC Symphony Orchestra. Mr. Friend is at present leader of the New York Philharmonic Orchestra and will be taking up his new post in January 1980.

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British Museum

Flower Power

by ROY STRONG

I do not know whether it is just the fact that the sun is shining or that the new Minister for the Arts has promised to reopen the V and A, but the British Museum's Print Room exhibition left me in a transport of delight. *Flowers in Art from East and West* is the accurate if awkward title embracing one of the most ravishing of visual experiences that will be available (free!) to museum visitors this summer.

Two departments, that of Prints and Drawings and of Oriental Antiquities, have combined their resources together with those of the rest of the museum, the British Library and other lenders, to stage a staggering exhibition of paintings, prints and drawings of flowers within the traditions of Europe, West Asia and India and Eastern Asia.

It is a large exhibition with several hundred items and a variable feast of beauty. The range is enormous — from fan paintings to botanical studies, from medieval herbals to Japanese screens. Oil paintings and designs for the decorative arts have been excluded. The show is accompanied by an excellent book by the organisers, Paul Hulton and Lawrence Smith, good value at the price, although it is maddening not even to have a check list of exhibits, and it is not clear that what is reproduced in the book is necessarily in the exhibition.

On Sunday afternoon, conducted by Philip Ledger, they filled the place with a fearful sound in Handel's *Israel in Egypt*, a very good choice for such an energetic, responsive choir; part I in particular is crammed with spectacular big choruses. The soloists in such a sparkling performance were inevitably a little in the shade but David Cordiner made much of "Their land brought forth frogs," a pleasant flexible counter-tenor, presumably yet another product of the Cambridge choral tradition.



Botanical Study "Four pink carnations" by Herman Saftleven (c. 1609-1685)

Royal Festival Hall

LSO and Abbado

by RICHARD JOSEPH

As part of their 75th anniversary season, the London Symphony Orchestra is presenting a series of prestigious concert programmes. Sunday evening's Festival Hall concert, conducted by Claudio Abbado, featured the collaboration of two major Russian soloists, pianist Lazar Berman and mezzo soprano Elena Obratsova, in two popular Russian works.

Berman's performance of Rachmaninov's Second Piano Concerto was notable for its great technical composition, ample piano sound, and a welcome willingness to play softly. But one needn't invoke the neurotic elan of Horowitz or Richter, to name two of this concerto's finest interpreters, to find Berman's reading lacking in individuality.

As much as in an absence of idiosyncrasy and willfulness is welcome and refreshing, one can reach a point where blandness sets in. In difficult piano writing, Berman's technical ease merits attention, but other, less spectacularly composed sections lack the imagination and musical specificity required to hold the slender thread of this music together.

Abbado and the LSO produced an unusually rich accompaniment. The strings in particular benefited from the conductor's decision to screen off

the organ casework behind the stage, so that the full sound was more resonantly projected into the auditorium. These well upholstered textures, just right for Rachmaninov, suited Prokofiev's Alexander Nevsky cantata less well.

In spite of the virtuosity of the wind soloists and a bravura section willing to take the risks this colourful score demands, Abbado's performance of Nevsky lacked an overall crispness of attack and sureness of balance. His interest in the bass line and middle register textures, so valuable in Mahler performances, became a liability, producing a thick sound that got in the way of Prokofiev's rhythmic buoyancy.

Abbado's ability to blend instrumental voices also meant that the sharply differentiated colours of the score were inadequately differentiated.

Yet in this sonic framework, his interpretation was cogently structured, clearly presented and emotionally compelling.

Just what the well-drawn LSO Chorus lacked in Staviev intensity was demonstrated by Elena Obratsova's delivery of The Field of the Dead solo. Singing from memory, in a mesmerisingly covered and withdrawn tone, Obratsova provided a rare pleasure: that of hearing an ample voice scaled down to an intensely moulded mezzo-voce, neither forced nor self-conscious.

Bursary for piano tuners

For the first time the Arts Council is to finance an advanced training scheme for piano tuner/technicians wishing to work in the specialist field of concert performances.

Steinway and Sons have offered to provide the training free of charge and the Arts Council will provide a bursary to help the selected trainee with personal costs. The closing date for entries is July 18. It is hoped training will begin in September.

Paris Art

'Rodin and the Far East'

by BRIAN TAYLOR

Altogether it is an event to savour and to sample. It is, of course, grouped under theme, but I feel that the visitors' approach to this bouquet is to be drawn to the bloom whose scent attracts him first. It can lead to drawings by Leonardo of plants in red chalk executed in connection with his picture of *Leda*, and the *Swan*. Leonardo, unlike his other high Renaissance compatriots, did not despise the art of recording nature. It can equally lead to 15th-century northern manuscripts, the art of Jean Bourdichon of the Ghent-Bruges School, a tradition closely linked to the art of the Van Eycks and vigorous to the end of the 16th century in the figure of George Hoecken.

On the burnished borders of books of hours, minutely observed pinks, lillies, pansies and violets float amid insects and butterflies. Or elsewhere there are astounding Chinese hand-scrolls of which the viewer was supposed only ever to see a section at a time which, in ink, for instance, can record a horizontal voyage up a vertical pine tree.

Basically the exhibition story line is the triple approach to flowers, the European, which is scientific and analytic, the West Asian and Indian, which is decorative and hedonistic, and the Eastern Asian, which is

augustine, even philosophical. Inevitably, the second of these groups must be the most disappointing because it is devoid of the idea impulses of the other two.

Most visitors will be better equipped to follow the European tradition which is the history of the rediscovery of the art of looking and recording embodied in the single act of picking a flower and actually trying to depict what they actually saw. One is constantly amazed how many centuries it took to achieve this elementary process. Medieval herbals copied earlier illustrations stretching back often to unknown classical sources rather than look at what was actually growing in their monastic garden and it was not until the influence of Arabic medicine was felt via Salerno and later Padua that the first stirrings of what we would, in retrospect, label as a scientific approach began.

This is caught, for example,

in the beautiful sprawling plant portraits in a late 14th century manuscript from Carrara. About

the year 1400 there was a move

all over Europe towards this

observation of natural phenomena.

It was as vigorous in the

herbalist illustrators for

medical purposes as it was in

the manuscript *scriptorium* for

the delectation of late mediaeval

courts. During the 16th century

this impulse burgeoned into the

art of botany, an activity stimu-

lated by the arrival from the

New World of hundreds of new

plant species. Soon artist-draughtsmen became an essential

part of any voyage of discov-

ery, a tradition that was to

stretch from Jacques Le Moyne

de Morgues and John White's

voyages to Florida and Virginia

down to Sir Joseph Hooker's

visits to the Antarctic, Australia

and the Himalayas in the era

that witnessed the advent of

photography.

With the development of

printing came the illustrated

books and arms, so unfamiliar

and at times awkward-appear-

ing to Western eyes, Rodin sets

down on paper with superb exu-

berance and simplicity. Grace-

ful line drawings are overlaid

with washes to emphasise form

that appears weightless. Here

the draughtsman's attempt to ex-

tract meaningful position types

from the oriental dance is paral-

ysed by the sculptor's preoccu-

pation with masks as the

quintessential symbolic expres-

sion of a given emotion.

Hanako, whose dramatic por-

trait so struck Rodin, agreed

to pose for Rodin in Paris on

numerous occasions from 1897

to 1911. She was asked to re-

create and then to hold for long

periods the horrified expression

of the heroine of the play when

she commits suicide by plunging



Danseuse Cambodgienne, 1906

of the artist to the public, thereby permitting glimpses of an impassioned creative spirit at work. What we see, moreover, are not Rodin's monumental finished sculptures become almost clichés of modern art, but the freshness and the struggle of immediate confrontation between an already legendary artist and his new sources of inspiration.

Davia engagement cancelled

Mr. Federico Davia has been injured in an accident on stage in Milan and has had to withdraw from his engagement at Glyndebourne this year. The role of Vanuzzi in Strauss' *Die schicke Dame* will be sung by Joseph Rouleau.

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Tuesday June 12 1979

No policy for energy

MR DAVID HOWELL, the Energy Secretary, has now made two statements within a week on the question of oil supplies, and neither of them has been very dramatic. What he is saying essentially is that the average short fall in this country is only around 5 per cent. The word "average" is important. In some areas and in some sectors the reduction in supplies has been much greater, causing disruption if not actual hardship. But, he says, since the overall shortfall is so small, it ought to be possible to deal with by achieving a better distribution, and by conservation.

Shied
In a way Mr Howell's refusal to be paniced has a great deal to recommend it. It is also notable that he is sticking to the principles on which the Conservatives fought the general election. There is to be no rush into state intervention, whether directly by rationing, or indirectly by the Government itself, allocating supplies. Indeed, to judge by his answers to questions yesterday, Mr Howell is still thinking of less intervention rather than more. He made it plain that he had no great regard for the operations of the British National Oil Corporation, whose future, has already been placed under review.

That is all very well so far as it goes, but it does not go very far. As Mr Howell himself admitted on the question of supply and demand world-wide: "The position in Iran could easily worsen again and the prospect from the other suppliers is at best fragile." Britain is to some extent shielded from these problems by North Sea oil, but it is not altogether immune from them.

Nuclear power
There would appear to be two desirable approaches towards dealing with them, one for the short-term and the other for the more distant future. The short-term approach concerns a reservation about which Mr. Howell has spoken so far mainly in principle. There are, in fact, practical measures which could be taken, and taken quickly. Two obvious possibilities are the imposition of lower speed limits and the placing of restrictions on the heating of office buildings. The actual savings achieved might be relatively small, but they would not be negligible. Moreover, the introduction of such controls would be a visible sign of the need for action. A more careful use of energy is unlikely to come about by exhortation alone, as the American example has shown.

The longer term approach requires a look at the energy situation as a whole. The Conservative Manifesto was strong on principle: for example, on reliance on market forces and the price mechanism. But it was exceedingly weak in detail. There has been no attempt so far to look at the various energy sources—both existing and those that may be available in future—and to see how they fit together. There appears to have been a singular failure, for instance, in the attempt to step up the production of coal. It is also unclear why gas, which like North Sea oil is a non-renewable resource, should be so cheap if the effect is simply to encourage people to use it without thinking of a replacement. There is at least a case for a substantial tax.

Budget
In particular, the Government has been noticeably silent on the question of nuclear policy. Of course, these are early days, but it is already plain to Ministers that energy is one of the biggest problems confronting them. The promise of an early statement about what the Government thinks of the future of nuclear power would therefore be welcome. The longer this is delayed, the greater will be the uncertainty about energy supplies in the 1980s and beyond.

Some of the questions about energy policy will no doubt be partially answered in the Budget today. It will be surprising if the Chancellor of the Exchequer does not go beyond such simple and expected measures as raising the duties on petrol. Yet even if he goes as far as an energy equalisation tax by imposing a tax on gas, that will be no substitute for a comprehensive energy policy. What is needed soon is a statement on how the Government sees the energy situation overall—not just now, but in ten years' time.

Wishful plans from Basle

THE CENTRAL BANK governors at their meeting in Basle at the weekend, called for tighter U.S. monetary policy and further action to correct the U.S. current account deficit in order to avert further currency turmoil. The same call is elaborated, along with an urgent call for a more effective energy policy in the developed countries, in the annual report of the Bank for International Settlements, published on the morning after the meeting. If the BIS stopped there, nobody would cavil; the objectives are sound, if hardly new, and hard to achieve.

Inflation

However, the BIS, in what is usual a long and detailed discussion of the world monetary scene, does not by any means stop there. It seems to put excessive hopes on what could be achieved in a better-balanced world economy. This ignores some of the central problems. Equally, its analysis of what happened last year evades a central dilemma. At bottom, both in its policy prescriptions and in its technical analysis, the BIS seems reluctant to acknowledge just how pervasive and difficult is the problem of world-wide inflation. This is surely one issue on which the BIS, the small-scale working model of a central bankers' central bank, can afford to sound like a Cassandra; and it should be particularly willing to do so when a large part of the problem is in fact monetary.

Dilemma

There is not even the ghost of an admission that it was these very interventions which financed the U.S. deficit, and the explosion of world liquidity which accompanied it. The decision whether or not to intervene, as we well know in this country, is part of the dilemma posed by world-wide inflation: if development of new sources, and more economical usage, were to create an easier stock position—indeed, it is a truism. But the BIS seems to go on to reason that provided aggregate growth in the developed world is restrained, the problem is solved. It offers a scenario in which gentle restraint in the U.S.—a soft landing—would create room for continued expansive policies in other countries, notably Germany and Japan, thus restoring financial

equilibrium while maintaining world-wide growth.

This really seems much too optimistic. As the BIS argues, an effective restraint programme in the U.S. would confirm the recovery in the dollar by rectifying the U.S. balance of payments; but this hardly seems likely to encourage expansive policies elsewhere. On the contrary, a stronger dollar will tend to internationalise the accelerated cost increases which have already occurred in dollar terms, and the authorities in Germany, Japan and Switzerland are likely to take the opportunity of reverse currency flows to reimpose monetary discipline rather than to expand. Indeed, these tendencies have already appeared.

The illusion that there is some narrow path leading to more or less painless deflation dies hard in international organisations, though the business world seems less and less inclined to believe in such a covenant.

In the BIS review of the turbulent events of 1978 the illusion appears in quite another form. There is a long discussion of how the U.S. managed to finance a vast and persistent external deficit without strain in the domestic credit markets: this is conducted entirely in terms of the well-known distortions in the U.S. domestic banking market. Elsewhere the willingness of central banks to intervene on a massive scale to limit exchange rate movements is welcome.

Another spectre

Another spectre looming over charities is an increase in VAT, which applies to entrance fees to crypts and bell towers as well as to the takings in the bookshop. This would also particularly affect Oxfam. "If it goes up to 12 per cent, VAT would cost us another £20,000, and if it's 15 per cent, as some people are suggesting, the bill will be another £35,000. That's a lot of money if you are trying to raise it from the general public."

The fact which is becoming increasingly clear is that there are no painless solutions; and that the tendency of inflation to rise more sharply in response to ever-smaller shocks is due to inflation psychology as much as any problem over resources. Wishful analysis will do little to help governments face the painful decisions ahead.

THREE general, if sometimes conflicting, pictures emerge from Europe's first-ever EEC-wide Parliamentary election. First, as predicted, voters turned out in considerably smaller numbers than in national elections. Second, parties that campaigned on a strong commitment to European unity on the whole did better than their more anti-market opponents. And third, the Centre-Right fared better than the Socialists, who had formed the largest group in the outgoing, nominated European Parliament.

Turnout was lowest in countries like the UK and Denmark, where anti-market feeling is greatest, but surprisingly high in Italy, where the European flame still burns strongly. Inevitably, the high abstention rate in Britain and Denmark will be interpreted as a tacit vote against the EEC. There will also be those ready to argue that the low turnout undermines the democratic credentials of the 70 new directly-elected members of the European Parliament (MEPs), who meet for the first time in Strasbourg on July 17 in what is likely to be a largely ceremonial session.

Most MEPs, however, are

unlikely to accept this interpretation. Many of them will conclude, on the contrary, that the low level of interest was due to the Parliament's lack of effective powers—a failure that they will try to remedy by the time the next European election comes in 1984. Public apathy could even spur them to greater activity. When the chips are down, it is hard to imagine Governments in the Council of Ministers, the Parliament's main antagonists, seriously arguing that there is some magic level of turnout on which an elected MEP has to rely for his mandate.

Certainly those parties that took the Parliament seriously did best in most member states. The major exception was Denmark, where anti-market forces captured a third of the country's Strasbourg delegation; an anti-EEC candidate also won in Greenland, heightening the chances that the territory will withdraw from the Community in the next year or two. In France, however, the strongly pro-European line taken by Madame Veil and her running mates helped to ensure a comfortable victory for President Giscard d'Estaing's supporters, and in Italy the

Socialists, who had campaigned for European (and Socialist) unity, improved their performance compared with the general election only one week before.

In Belgium, the results showed a striking success for Mr. Leo Tindemans, the former Christian Democratic Prime Minister, who has closely identified himself with the

Democrat coalition and will send more MEPs to Strasbourg than the Government. German politicians of all main parties, however, were disappointed at the 66 per cent turnout—astronomical by British standards but well below the 80 per cent or more usual in state and federal elections.

The political composition of the new Parliament is likely

By REGINALD DALE, European Editor

European cause. Dutch politicians of both Left and Right were yesterday attributing the poor showing by the British Labour Party to its unenthusiastic, if not openly hostile, approach to Europe. Continental Socialists were particularly galled in that better results for Labour might have helped the nine-nation Socialist group to maintain its dominant position in Strasbourg.

West Germany, where all three main parties are dedicated "Europeans" provided one of the best examples of Right-wing gains. The combined forces of the opposition Christian Democrats drew ahead of the Socialist-Free

European cause. Dutch politicians of both Left and Right were yesterday attributing the poor showing by the British Labour Party to its unenthusiastic, if not openly hostile, approach to Europe. Continental Socialists were particularly galled in that better results for Labour might have helped the nine-nation Socialist group to maintain its dominant position in Strasbourg.

West Germany, where all three main parties are dedicated "Europeans" provided one of the best examples of Right-wing gains. The combined forces of the opposition Christian Democrats drew ahead of the Socialist-Free

Anglo-Danish Conservative Group—from nine per cent to almost 16 per cent—is the critical factor, even though the Conservatives are not formally allied with the Christian Democrats or other Right-wing groupings.

In some countries, however, the elections have had national as well as European significance. M. Gaston Thorn, the Liberal ex-Premier of Luxembourg, who has been described as "Europe's youngest elder statesman," may have secured a seat in Strasbourg, but he has seen his national Luxembourg Government toppled by the advancing Christian Democrat tide. In Italy, the improved showing by the Socialists could strengthen their hand in the delicate negotiations about to begin for the formation of a new coalition Government following the Communist setback in the national poll 10 days ago.

But the most sensational outcome has been in France, where M. Jacques Chirac's Gaullists were beaten into fourth place in a national poll for the first time since the day of General de Gaulle. M. Chirac, who fought an aggressively nationalist campaign, is bound to find his authority weakened, both

inside his party and in the governing coalition with President Giscard d'Estaing's centrists. The President has emerged strengthened; while on the Left the expected Socialist resurgence failed to materialise and the Communists held their ground. It, as many commentators have assumed, the poll was a pointer to the 1981 President election, the present incumbent of the Elysee has every reason to feel satisfied.

Of more immediate interest, however, will be the way in which the new MEPs from all nine countries set about their business in Strasbourg. Essential questions like how often the new Parliament will meet, and how often its star performers will attend, remain to be answered. There could equally be changes in the structure of the political groupings and alliances that operated in its much smaller 198-seat precursor. Many of the MEPs are political unknowns with little or no Parliamentary experience. It could be some time before Europeans can draw firm conclusions about the sort of Parliament they have voted themselves.

A time for inquests in the U.K.

BY ELINOR GOODMAN

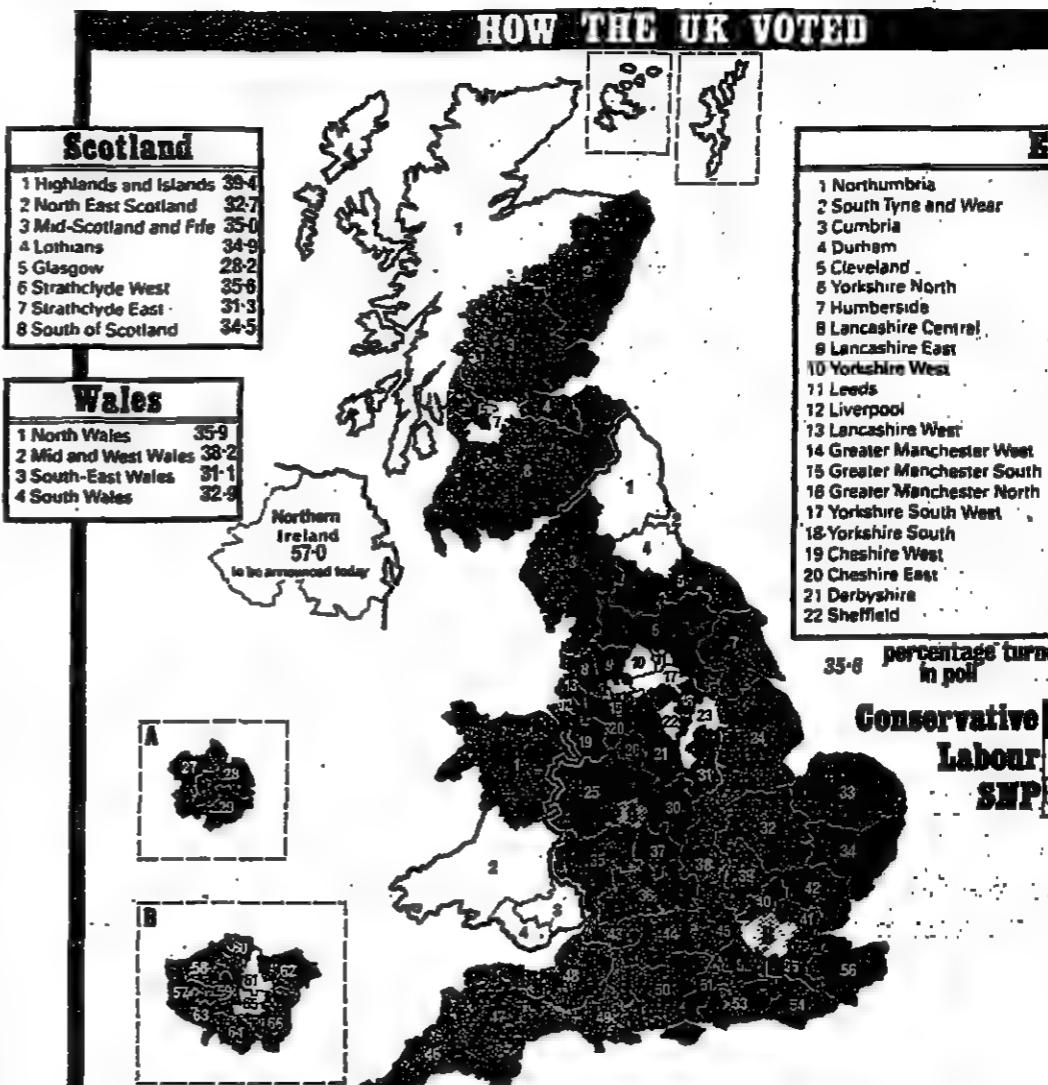
terms of Strasbourg seats. Despite the fact that fewer Labour supporters bothered to vote than Tory, Labour did manage to poll around 13 per cent of the total votes cast and yet win no seats is the richest fodder yet in their campaign to expose the unfairness of the present first-past-the-post voting system.

Indeed, there were signs yesterday that they were winning increasing support for their demand that proportional representation should be introduced for the next European poll from both senior Labour and Tory politicians.

With a typical refusal to accept the harsh realities of the present voting system, the Liberals intend sending what they see as their fair share of delegates to Strasbourg in any case. Around ten would-be Liberal Euro MPs will duly go to Strasbourg when the first session of the Parliament is held, while there is also a suggestion that the Liberals should take their case to the European Court of Justice.

It is not only the Liberals who would have benefited from proportional representation in

take place over the next few



Marketeters arguing with equal force that the low poll proved just how unpopular Europe was in Britain.

Both the Tories and Labour

still have to take a number of important decisions as to how they will treat their European representatives, the great majority of whom have very

little experience of parliamentary affairs.

Both parties are to hold meetings the week after next to decide what access, if any, the European MPs should be allowed to have to the facilities at Westminster.

In the short-term, at least, it may be relatively easy for West-



from the non-event is a charge of £31,000 for cleaning, "office needs" and uniforms for ushers and security staff. Most puzzling of all is a fee of £84,000 for salaries and overtime for Maltese civil servants loaned to the conference. There is a feeling in Valletta that such accounting may deter other international bodies from looking too readily towards the George Cross island.

Another spectre looming over charities is an increase in VAT, which applies to entrance fees to crypts and bell towers as well as to the takings in the bookshop. This would also particularly affect Oxfam. "If the Chancellor reduces tax by 3 per cent, we reckon to lose £49,000," says Hugh Belshaw, Oxfam's finance director. "I suspect we are one of the biggest covenant collectors—we have made a major point of it."

Another spectre looming over

Sugaring the levy

In well-heeled Switzerland, even those who approach strangers asking for money do so with a degree of politeness rare in parts of Europe suffering from lower GNP per capita ratios.

Sitting on a park bench in Basle yesterday, immersed in the annual report of the Bank for International Settlements, a colleague was approached by a bearded youth who ventured a standard question: "Some money to buy a cup of coffee?" Offered a handful of small change amounting to about SFr 1.50, the youth counted the takings, gave a brief discourse on the economics of coffee-drinking in Switzerland, then returned 50 centimes: "Thank you," said the bearded one, "I now have enough."

In its quest to find out why this SFr is spent, scientists have been inserting television cameras into a selection of the nation's blocked passages. The main discovery of these researches? Most seized-up drains are caused by bad workmanship when they were installed in the first place.

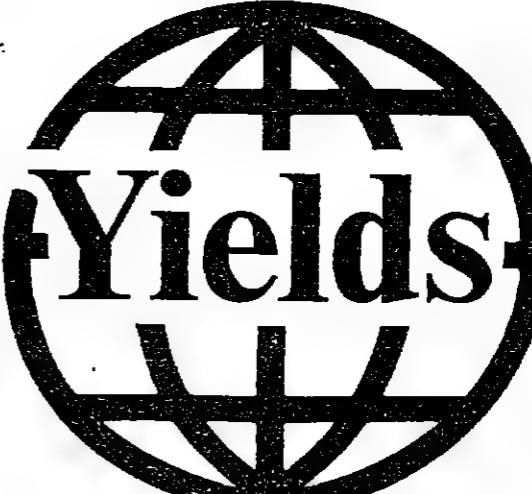
Talk now, pay later

Anyone who opened a new shop yesterday might be anxious about what will happen to VAT today. But such mundane thoughts do not unduly bother Stuart Devlin, the fashionable goldsmith who has made it to Conduit Street, Mayfair, from Geelong, Australia, by way of

THE FINANCIAL TIMES

Eurobond Quotations and Yields

AIBD

THE ASSOCIATION OF
INTERNATIONAL BOND DEALERS

At 31st MAY, 1979

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues. These quotations and yields are published monthly by the Financial Times. The association's prices and yields are compiled from quotations given from market-makers the last working day each month. There is no single stock exchange for Eurobonds in usually recognised sense—secondary market trading is done on the telephone between dealers scattered across the world's financial centres. Membership of the AIBD (which was established in 1969) comprises over 450 institutions in about 27 countries.

Eurobonds in May

BY FRANCIS GHILES

May 1979 will be remembered in the Eurobond market for the tenth anniversary meeting of the Association of International Bond Dealers in London and the fierce arguments in the market about how best to manage new issues.

The confusion which surrounded the discussions at the AIBD meeting on the topic of pre-market trading, was deplored by many participants and the incoming chairman, M. Rupert Bamro, has admitted to concern that the primary and

secondary markets are increasingly tending to go their separate ways. The controversy about the pre-trade market is simply a symptom of a deeper malaise.

Pre-market trading is not new: it has existed for many years but has, during the past 12-18 months, become more publicised. In recent years the large institutional investors have been increasingly active players in the bond market. They have been instrumental in getting the managers of new

issues to share much of their underwriting concession in the form of a discount from the issue price.

Generally, the small investor is charged the full price for a given issue while the institutional investor will, in most instances, receive his bonds at a discount of an average of 11 points, the so-called selling group discount.

Added to the fact that many issues in recent months have been mispriced (either because intense competition between

banks has led to the attribution by borrowers of mandates on terms which are not attractive to the investor or because of currency and interest rate turmoil) has made the pricing of new offerings an increasingly tricky business: the conditions were ripe which allowed pre-market traders to emerge with a more important role.

The quotation in the grey market, of a new issue, at say two point discount, is clearly not an encouraging sign for the lead manager nor is it a good prospect for the investor who may be receiving solicitations to buy the bonds directly at the full subscription price.

Some leading issuing houses have tried to discourage this practice, not least Crédit Suisse White Weld. It launched a \$100m convertible for Crédit Suisse (Bahamas) last month and chose not to allocate a single bond to some of the major underwriters of the issue.

Indications about the level at which the issue would trade after pricing suggested a discount of up to two points. The lead manager was thus led to consider carefully which of the underwriters of the issue were finding real demand for the market.

It wished to avoid those who might promptly offload into the market.

What is less clear though, and what caused consternation among a number of bankers, is why the lead manager chose not

to allocate any bonds to some major underwriters who confirmed they had enough real demand to cover the size of their allotments. Some banks felt that, by resorting to this tactic, CSFB wanted to teach the "grey market" a lesson and ensure that it retained firm control of the secondary market in this issue.

CSFB opened the issue at 99, and brought it up the following day to 99-100, a strategy which apparently cost some dealers taking positions in the grey market on the basis of a two point discount dear.

Other houses counter such arguments by saying that if CSFB, or for that matter any other bank has the muscle to tackle an issue on its own, all well and good. The lead manager can keep all the management fee rather than have to split it. They accept that few houses have the muscle to place a whole issue through its own branches and in its own accounts.

Most new issues during the month of May were in the form of FRNs. Fears of rising inflation and concern that U.S. interest rates had not yet peaked explain this success. In secondary market trading the undertones in the FRN sector has been firm with the prices of longer dated issues rising most.

At the end of May and the beginning of June a number of new straight dollar issues were announced, not least two for U.S. corporate names, which

are always favoured by investors. How large this new volume window will be is as yet uncertain. All these issues were either pre-underwritten or lead by a sole lead manager, usually with final terms announced when the bond was launched.

This feature of the market is fast becoming the norm as banks seek to guard themselves against sudden changes in market conditions which may result from interest rate of currency moves.

The Deutsche-Mark sector has meanwhile failed to find a yield level at which it can attract investor interest and so has the Japanese bond market.

Few DM issues were launched last month and the German capital markets Sub-Committee decided ten days ago to limit the calendar of new issues to a single one during the month of June. This issue, for Sweden, has already been launched and well received. This is explained by the eagerness with which central banks will buy such prime quality government paper. Little trading is going on in the secondary DM market though the tone improved last week after the announcement of the terms for the latest issue for the Federal Republic—which offered a yield of more than 8 per cent on the ten year tranche.

In the Swiss market the flow of Japanese convertibles and a few straight bonds continues but trading is described by dealers as nervous.

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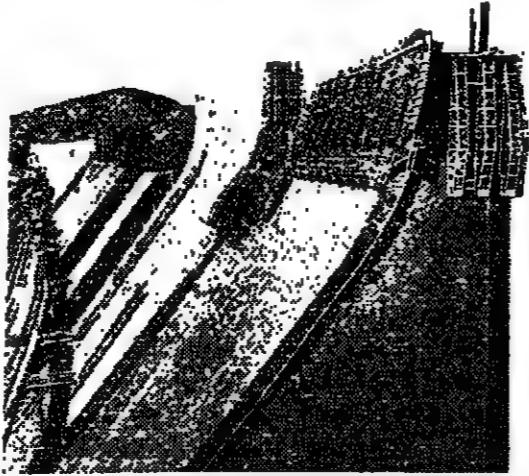
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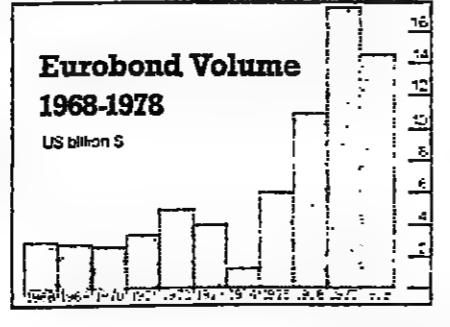
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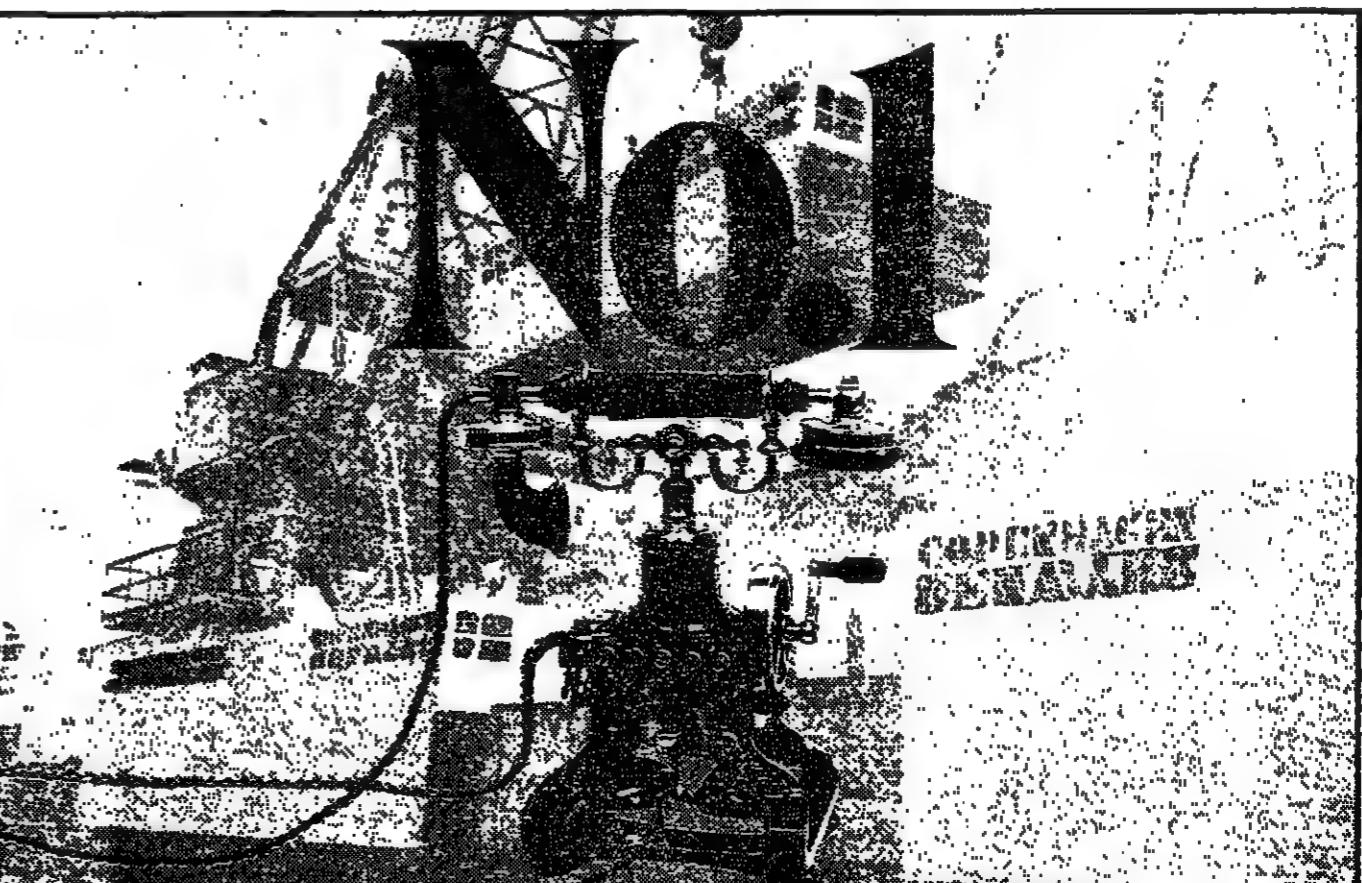
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The Privatbanken Group in 1978

Principal Figures

	1978 D.Kr.m.	1977 D.Kr.m.
Net profit for the year	200	161
Dividend %	13	12
Total assets	25,088	19,679
Advances	10,330	8,577
Deposits	10,998	9,670
Share capital and reserves	1,596	1,458
Subordinated loan capital	502	510
Total liable capital	2,098	1,968

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Austrian Quotes

Quotations and Yields of Austrian Eurobonds

ISSUE	COUPON DATES	REPAYMENT	SINKING FUND (STARTING)	PRICE		CURRENT YIELD	CURRENT YIELD TO MATURITY
				BID	ASKED		
D-MARK BONDS							
6 1/2% Brenner Autobahn 1968 (G)	1.2-1.8	1.8.74-83	1.8.73	99 1/2	100	8.77%	8.92%
6 1/2% Donaukraftwerke 1959 (G)	1.2-1.8	1.2.65-84	—	98	99	6.09%	6.47%
6 1/2% Donaukraftwerke 1973 (G)	1.3	1.3.73-87	1.12.77	97	97 1/2	6.93%	7.20%
7 1/2% Girozentrale Wien 1976	1.11	1.11.81	—	100 1/2	101	6.92%	6.49%
7 1/2% Girozentrale Wien 1976	1.11	1.11.83	—	101	101 1/2	7.15%	6.95%
8 1/2% LAKW 1975 (G)	1.5	1.5.80-85	—	103 1/2	104	8.43%	7.97%
6 1/2% Kellag 1973 (S)	1.5	1.5.79-88	1.12.78	98 1/2	99	8.51%	8.96%
8 1/2% Oester. Draukraftwerke 1975 (G)	1.3	1.3.81-85	—	106	106	8.29%	7.55%
7 1/2% Oester. Elektrizateswirl 1967 (G)	1.2-1.8	1.2.73-87	—	99	100	7.02%	7.14%
7 1/2% Rep. Oesterreich 1968	1.4-1.10	1.4.73-82	1.4.72	100	101 1/2	6.93%	6.70%
6 1/2% Rep. Oesterreich 1969	1.4-1.10	1.4.75-83	1.1.74	100	101	6.16%	6.41%
8 1/2% Rep. Oesterreich 1975	1.2	1.2.83	—	106	107 1/2	8.42%	6.55%
8 1/2% Rep. Oesterreich 1975	1.5	1.5.78-87	1.1.77	106	107	7.96%	7.36%
7 1/2% Rep. Oesterreich 1976	2.8	1.2.83-86	1.2.83	103	104 1/2	7.45%	7.03%
6 1/2% Rep. Oesterreich 1977	1.4	1.4.83-85	2.1.82	100	101	6.71%	6.62%
6 1/2% Tauernkraftwerke 1968 (G)	1.3-1.8	1.9.74-83	1.9.73	98 1/2	100 1/2	6.50%	6.60%
7 1/2% Tauernkraftwerke 1968 (G)	1.3-1.8	1.2.74-83	—	98	100 1/2	7.00%	7.10%
7 1/2% Tauernautobahn 1974 (G)	1.7	1.7.81	—	104	105	9.09%	7.13%
8 1/2% Voest 1973	1.10	1.10.79-88	1.8.78	103 1/2	104	8.20%	7.94%
8 1/2% Voest 1975	1.6	1.6.81-85	—	103	104	8.30%	7.73%
8 1/2% Voest 1977	1.8	1.6.84-89	—	94	95	7.11%	7.45%
7 1/2% Wien 1968	1.8-1.12	1.6.74-83	1.6.73	100	101 1/2	6.93%	6.81%
8 1/2% Wien 1975	1.6	1.8.79-84	—	103	103	8.03%	7.59%
U.S.S BONDS							
6 1/2% Rep. Austria 1964	31.1-31.7	31.1.71-84	3.1.70	97	98 1/2	6.12%	6.60%
6 1/2% Rep. Austria 1967	15.3-15.9	15.3.72-82	15.3.71	97	98	6.89%	7.65%
5 1/2% Rep. Austria 1976	15.8	15.8.78-90	15.8.77	97	97	9.00%	9.14%
6 1/2% Aust. Electricity 1968 (G)	1.1-1.7	1.7.70-86	1.7.68	96	99 1/2	6.70%	6.93%
6 1/2% Aust. Electricity 1967 (G)	1.4-1.10	1.10.71-82	1.10.70	98	99	6.83%	7.23%
5 1/2% Alpine Montan 1965 (G)	15.6	15.6.72-85	15.6.71	92	93	6.18%	7.20%
5 1/2% Tauernautobahn 1977 (G)	15.3	15.3.83-87	15.3.82	93	94	8.80%	9.90%
6 1/2% Transalpine Fin. Hldg. 1966	31.10	31.10.70-85	31.10.69	92	93 1/2	6.97%	7.86%
6 1/2% Transalpine Fin. Hldg. 1966	31.7	31.7.70-85	13.7.69	93	94	7.22%	8.11%
6 1/2% Transalpine Fin. Hldg. 1967	31.1	31.1.73-82	31.1.72	97	98 1/2	6.87%	7.48%
6 1/2% Transalpine Fin. Hldg. 1967	30.4	30.4.74-83	30.4.73	96	97	6.94%	7.57%
7 1/2% Trans-Austria Gasline 1973	15.1	15.1.77-88	15.1.76	86	87	8.86%	9.78%
AUSTRIA SCHILLING BONDS							
9 1/2% Kontrollbank 1974 (G)	14.8	14.8.79	—	100	101	9.45%	8.88%
DOMESTIC ISSUES							
8 1/2% Investitionsanleihe 1973/II/B	3.7	3.7.76-81 (102)	—	101 1/2	102	7.84%	7.83%
8 1/2% Investitionsanleihe 1974/II/B	22.10	22.10.75-82	—	100	101	8.42%	8.12%
8 1/2% Investitionsanleihe 1975/II/B	28.10	28.10.76-84 (103)	—	101 1/2	102	6.33%	8.47%
8 1/2% Investitionsanleihe 1975/VS/III UIV	27.11	27.11.79-85	—	103	103 1/2	8.24%	8.28%
8 1/2% Investitionsanleihe 1976/S	20.2	20.2.81-86 (104)	—	102 1/2	103 1/2	8.25%	8.35%
8 1/2% Investitionsanleihe 1976/S/II	2.7	2.7.83-86	—	98	99	8.02%	8.05%
8 1/2% Investitionsanleihe 1977/S/III/B	2.6	2.6.82-87	—	98	99	8.00%	8.00%
8 1/2% Investitionsanleihe 1977/II/B	15.8	15.9.82-86	—	98	99	8.04%	8.10%
8 1/2% Investitionsanleihe 1978/II/C	7.6	7.5.86	—	98	99	8.02%	8.05%
7 1/2% Investitionsanleihe 1978/5/C	3.10	3.10.86	—	97	98	7.83%	7.92%
7 1/2% Investitionsanleihe 1979-SI/II	13.10	13.10.87	—	95	96	7.40%	7.59%
8 1/2% Energieanleihe 1978/C	1.3	1.3.86	—	98	99	8.05%	8.11%
8 1/2% Wiener Stadtanleihe 1975/B	29.4	29.4.76-83	—	100	101	8.42%	8.18%
8 1/2% Wiener Stadtanleihe 1977/B	10.5	10.5.82-87	—	98	99	8.02%	8.04%
8 1/2% Wiener Stadtanleihe 1978/I/C	3.5	3.5.86	—	98	99	8.04%	8.09%
8 1/2% Europaeische Investitionsbank 1976	20.10	20.10.80-86 (100.5)	—	98	99	8.06%	8.13%
8 1/2% Europaeische Investitionsbank 1978	22.12	22.12.86 (100.5)	—	97	97	7.85%	8.19%
8 1/2% Inter-Ain. Entwicklungsbank 1978	17.12	17.12.81-86	—	98	99	8.08%	8.17%
8 1/2% Taz Fincos Anleihe 1976	19.11	19.11.81-86 (100)	—	98	99	8.02%	8.03%
8 1/2% Sparkassenanleihe 1977/S/B	26.7	26.7.80-83	—	99	100	8.00%	7.99%
8 1/2% Sparkassenanleihe 1978/S/C	10.5	10.5.80-83	—	99	100	8.02%	8.03%

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INVESTMENT FUNDS

INVESTMENT FUND

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Quotations & Yields as at 31st May 1970

SOCIÉTÉ GÉNÉRALE DE BANQUE

SOCIETE GENERALE DU BANQUE									
BANQUE GENERALE DU LUXEMBOURG									
		First Issue	Yield	Div.					
		Price	%	Date					
Fund:	Price	First Issue Price	Yield %	Div. Date					
Rentinvest	LuxFr 849	LuxFr 1000	8.25	20/11/78					
					(F67)				
Capital Rentinvest	LuxFr 1413	LuxFr 1000			(Capitalisation)				
		1/6/78	31/5/79	1/6/76	31/5/79				
		High	Low	High	Low				
Rentinvestment	LuxFr 918	LuxFr 814	LuxFr 918	LuxFr 814					
Capital Rentinvest	LuxFr 1430	LuxFr 1348	LuxFr 1430	LuxFr 1112					

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The interest rates per annum applicable to the following USS Floating Rate Note issues were announced during May. These rates are quoted for information purposes only, and should be confirmed prior to the execution of a specific transaction. The rates quoted apply to the six-month periods shown.

	From	To	Rate
Banque Ex. d'Algiers	1985	1 May 79	2 Nov 79
Ind. Bank, Japan	Nov 1985	1 May 79	1 Nov 79
C.C.F.	1985	2 May 79	5 Nov 79
United Overseas Bank	1985	8 May 79	1 Nov 79
LB. of Japan	1985	9 May 79	9 Nov 79
Royal Bk of Scotland	1983	9 May 79	9 Nov 79
Vizcaya Int'l	1981	14 May 79	13 Nov 79
Bank of Tokyo (Curacao)	1982	15 May 79	15 Nov 79
Guaranty Trust	1982	15 May 79	15 Nov 79
Midland Bank	1982	15 May 79	15 Nov 79
Societe Generale	1981	15 May 79	29 June 79
O.K. Int'l	1981	17 May 79	18 Nov 79
Continental Bankverein	1984	21 May 79	22 Nov 79
Midland Int'l Finance	1987	21 May 79	21 Nov 79
Bank of Tokyo	1980	22 May 79	23 Nov 79
Montgomery Hanover	1980/84	23 May 79	31 Dec 79
Japobank	1989	23 May 79	23 Nov 79
T.V.O.	1991	25 May 79	26 Nov 79
C.G.	1982/86	26 May 79	Fully redemmed
Bank Handlowy	1981	29 May 79	23 Nov 79
United Overseas Bank	1981	31 May 79	30 Nov 79
EMEL	1980	31 May 79	30 Nov 79
Georgetown Area Sincs	1983	31 May 79	30 Nov 79
Lloyd's Euroline	1981	31 May 79	30 Nov 79
Popular Espanol	1981	31 May 79	30 Nov 79
Standard & Chartered Bk.	1984	31 May 79	30 Nov 79

Interest rates applicable to the issues below will be announced in June.

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1981 C.N.C.A. 1984

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The day the sparring really starts

DAY'S BUDGET, the first major political act of the new government, will map out the ground over which Ministers and the TUC will conduct their trial strength for the rest of the Conservative administration. (Everyone who doubts that this is the opening of the week-end warnings in trade union leaders about impact on next winter's wage bill. The Budget is expected to bring a genuine policy revolution, despite all the financial restraints under which the Chancellor is operating. It proposes a substantial shift from direct to indirect taxation, severe control of public sector wages in employment through the cash limit system, and the first of withdrawal of the state industrial ownership, direction or support.

The Budget will tell the TUC whether it has learned only indirectly so far—the economy is far new management which aims to manage according to own lights. Tomorrow, the C's economic committee will start to deliver its formal dict and discuss what kind of campaign the trade unions will conduct against public expenditure cuts.

Five weeks of reconnaissance and handshaking will be over, some of the union leaders as if they are fitting for a Mr. David Basnett of the General and Municipal Workers' Union, for whom the defeat of our was an almost personal one, thinks there will be a tide over jobs as intense as it was against the last Conservative Government's industrial relations legislation.

The seriousness of the political clash should not be underestimated, but nor should unions' battle-readiness be exaggerated. The TUC has a tidy respect for Mrs. Thatcher's crusading fervour, determination to carry out



Terry Kirk
Trades union demonstration outside Pentonville prison in 1972 in favour of the "Pentonville Five."

At the same time the TUC is aware of the trade union movement's own current weakness. Last winter's run of strikes dismayed some of the "moderates" (who in turn have been blamed by the Left for giving Mr. Callaghan the wrong advice), alienated public opinion and, as some of the unions' conference agendas show, annoyed members inside unions like the Transport and General Workers which played so prominent a part in the winter hostilities.

Nevertheless, the Government has not been guilty of underestimating the possibility of conflict. Mr. Prior is proceeding slowly and painstakingly with his proposals for trade union reform, while Mr. Heseltine at the Department of the Environment has been cautioned for a breach of protocol by his Department in not giving unions due notice of the local government manpower freeze.

Ministers expect a difficult ride from now on. Post-budget protests about the cuts in

public expenditure will, they realise, sharpen trade union antipathy to the rest of the Administration's programme, not least the first draft of industrial relations reforms that Mr. Prior will be putting to the TUC in the next week or so for eventual translation into legal amendments by the end of the year. In the background there will be anxiety about the rate of inflation—fuelled by the recent batch of price increases triggered, in the view of the unions, by the death of British Oxygen

shop stewards is a good illustration of this kind of thinking. They are looking for £25 a week—or about 30 per cent—which they say is "not negotiable." And they justify this claim by pointing to the Top Salaries Review Body awards, the eventual possibility of a pay freeze, and the fact that British Oxygen, as one of the first private sector deals in the wage round paid less last year than other companies which followed it.

If the Clegg Commission is generous to those public service workers sent to it by the last Government—though there is no reason to think it will be—that could have an effect, too. But unions may choose to regard those awards as being special treatment for the low-paid.

The present Government is doing nothing to encourage trade union hostility. As Mr. Len Murray, TUC general secretary, conceded after the last meeting of the TUC general council, the Conservatives are avoiding "some of the grosser errors" of the Heath Administration. By that he means the unions are not being presented with a "fair accompaniment" as they were when Robert Carr launched his Industrial Relations Bill. The TUC also recognises that the Government does not intend to be radical in its industrial relations reforms: it is not trying to restore the Labour Court nor the special status of trade unions. But it believes the effect of the proposed changes could be to bite deeply into historic trade union legal immunities.

The Government has undertaken to legislate against "secondary picketing." But under that heading it includes all secondary industrial action, like the boycotting and blocking of employers or goods not immediately involved in a dispute. That raises not just the question of behaviour on

the picket line—something that could be treated on its own—but what the trade unions see as an historic right hard won, which they say is "not negotiable." And they justify this claim by pointing to the Top Salaries Review Body awards, the eventual possibility of a pay freeze, and the fact that British Oxygen, as one of the first private sector deals in the wage round paid less last year than other companies which followed it.

That could mean anything from marches and rallies in Trafalgar Square and Westminster to one-day strikes or something even worse. It depends whether the TUC will be furnished with a cause celebre (like the fall of the Pentonville Five). The TUC is normally shy of involving itself in campaigns about wages or supporting individual disputes. It prefers the role of mediator and peacemaker. But over matters of law it is certain to give a lead: after all, lobbying Parliament for legislation favourable to trade union organisation and workers' conditions was one of the functions for which the TUC Congress was created in 1968.

As for wages, the Government seems determined to give private sector free collective bargaining a full trial in spite of Whitehall pressures for some kind of formal incomes control and warnings about a pay freeze. There will be no Government interference when the 20 per cent plus pay demands are slapped in. If this looks like insouciance, it has a reason. Ministers believe that the Government's fiscal and monetary policies will have a far greater influence on the conduct of bargaining than the commentators allow.

There are, then, three areas of potential conflict: jobs, wages and labour law. At this stage, the beginning of a new chapter in union-Government relations, it would be wrong to take the battle lines too literally. But there can be no doubt that the union activists and some union leaders are waiting for an opportunity to do battle.

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COMPANY MEETINGS

Avery, Smethwick, Warley, West Midlands, 12.15. Buntz Pulp and Paper, Great Eastern Hotel, Liverpool Street, EC, 11.30. Clive Discount, 1 Royal Exchange Avenue, EC, 12. European Ferries, Connaught Rooms, Great Queen Street, WC, 11.30. Hoveringham, Nottingham, 12. Oxley Printing, 55 Conduit Street, W, 12. United Newspapers, 23-27 Tudor Street, EC, 13. Ward White, Berkeley Hotel, Knightsbridge, W, 12.

Letters to the Editor

Time has been telescoped

in Elizabeth Young

—Many of Mrs. Thatcher's supporters have understood the idea—that the ket is going to restore lean to our planning-bloated city. But where will she these true health-giving kets? Daniel Yerger, of theard Business School, has told out: "Time has been fully telescoped. The energy of 1935 is here in 1979. It is contained." Not if we consumers, Organisation Economic Co-operation and development members and others, decide to rely simply on operation of the market. Local government, a major part of the public sector, has however still to acknowledge the validity of claims made by chief officers in local government service for restoration of a proper level of pay. Local government, if it is to remain an integral part of our democratic institution (and not become an agent of central government or part of the civil service) needs now and in the future a high calibre of chief officer which it will not obtain if it is not prepared to pay comparable salaries. Salaries of chief officers in local government have fallen badly behind their peers in the civil service and other public sector institutions in the past five years. In comparison even with salaries in the higher echelons of the education service (which itself is administered as part of local government), chief officers are well behind.

Chief officers—the treasurers, engineers, secretaries, education and social services directors, etc.—have a separate negotiating body, which has the authority to restore parity for its chief officers' pay. Their pay has for too long been restricted by pay policy restraints and the demands of the main body of local government employees (the majority belonging to the National Association of Local Government Officers) for minimum salaries, shorter working weeks and more leave. none of which have any relevance to the unstaffed hours and service given by chief officers. Morale among chief officers is low—what is needed is a restoration of differentials with true compensation, it cannot be used.

Thus all resources—like oil which "subsidise" our industrialisation are really beyond us. It is only because oil is so vital in so many areas of our economy that it is perhaps important in importance. So Mobil quite rightly says: "In its sense, it's a precious commodity." Well done, Mobil!

John A. Cooper,
London, Ralch Drive,
Surrey.

Priceless oil

in Mr. W. Cooper.

If one is allowed to consult your advertisers, your column, I would take the opportunity of congratulating Mobil on its entitlement which appeared June 6. In posing the question: "What's oil really like?" it is beginning a public debate which can only end in two ways: a realisation of the uniqueness of oil and its contribution to our industrialised civilisation; or a continuing ignorance of this fact which will ultimately lead to water.

We still do not seem to have understood that the "economic recess" which consumes irreducible commodities like oil, is really only another way of describing the entropy process by which "free" energy is used by man. The conclusion is that out of a finite stock of "free entropy" we can only take a limited amount—use it, it cannot be used again.

Thus all resources—like oil which "subsidise" our industrialisation are really beyond us. It is only because oil is so vital in so many areas of our economy that it is perhaps important in importance. So Mobil quite rightly says: "In its sense, it's a precious commodity." Well done, Mobil!

John A. Cooper,
London, Ralch Drive,
Surrey.

Third London airport

in Chairman of the Chairmen's Development Society

Sir—With a Channel Tunnel we would be no need for a third airport and not one of the threatened areas would suffer environmental damage. The main advantage of the tunnel would be that as part of an electric railway system it could not be dependent on oil. In any case air travel may have to be curtailed because of the future world shortage of hydrocarbon fuels.

V. Banks,
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From the Treasurer,

Nottinghamshire County Council

Sir—I was encouraged to read your editorial (June 6) welcoming the decision of the Government to go some way towards restoring what the review bodies consider a proper level of pay for senior public servants and doctors and dentists. I absolutely agree with your comment that the needs of future recruitment at this level are still more important—at the more junior levels in public management cannot be left purely to appeals to public spirit.

Local government, a major part of the public sector, has however still to acknowledge the validity of claims made by chief officers in local government service for restoration of a proper level of pay. Local government, if it is to remain an integral part of our democratic institution (and not become an agent of central government or part of the civil service) needs now and in the future a high calibre of chief officer which it will not obtain if it is not prepared to pay comparable salaries. Salaries of chief officers in local government have fallen badly behind their peers in the civil service and other public sector institutions in the past five years. In comparison even with salaries in the higher echelons of the education service (which itself is administered as part of local government), chief officers are well behind.

Chief officers—the treasurers, engineers, secretaries, education and social services directors, etc.—have a separate negotiating body, which has the authority to restore parity for its chief officers' pay. Their pay has for too long been restricted by pay policy restraints and the demands of the main body of local government employees (the majority belonging to the National Association of Local Government Officers) for minimum salaries, shorter working weeks and more leave. none of which have any relevance to the unstaffed hours and service given by chief officers. Morale among chief officers is low—what is needed is a restoration of differentials with true compensation, it cannot be used.

Thus all resources—like oil which "subsidise" our industrialisation are really beyond us. It is only because oil is so vital in so many areas of our economy that it is perhaps important in importance. So Mobil quite rightly says: "In its sense, it's a precious commodity." Well done, Mobil!

John A. Cooper,
London, Ralch Drive,
Surrey.

Representation of the people

From Mr. N. Travers

Sir—The European poll may have been about all sorts of things, but the figures you included with the article of June 7, show that it was certainly rigged, mainly against us and the Germans.

My table shows (a) the figures you published for seats allocated to each country in the European Parliament, and (b) the number of constituents per member. From these I have calculated (c) total population.

A B C D E F G

UK 81 629,049 56,056,000 18.5 21.5 89 + 8

Ireland 15 265,733 3,086,000 3.7 12 5 - 10

Belgium 24 407,167 5,772,000 5.9 3.8 16 - 5

Luxembourg 6 58,950 257,900 1.5 1 - 5

France 81 663,551 53,780,000 19.8 20.8 85 + 5

Denmark 16 315,750 5,052,000 12.3 2.0 8 - 8

Netherlands 25 538,000 13,450,000 6.1 5.2 21 - 4

Germany 81 765,333 62,041,000 19.8 24.0 96 + 17

Italy 81 683,469 55,361,000 18.5 21.4 88 + 7

(rounded to the nearest 1,000 countries are to run big strong economies, while the big strong ones, while the big strong countries pay the bills.

Nicolas Travers,
Birchfield Cottage,
Middle Green,
Slough

D. Crompton,
4 Manor Green,
Stratford-upon-Avon

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A. B. Foods at £78.9m after static second half

A SLIGHT fall from £45.6m to £45.2m in the second half left taxable profits of Associated British Foods at £78.9m for the year ended March 31, 1979, compared with £77.6m previously.

Mr. G. H. Weston, the chairman, describes the year as one of mixed success, with very satisfactory profit improvements from overseas and retail divisions being offset by the effects of this winter's industrial unrest in the UK, which widely and diversely affected manufacturing operations.

UK operating divisions achieved "creditable" results with trading profits of £47.4m against £47.7m. The manufacturing result was £2.9m lower at £36.1m, but this was largely offset by a £2.6m increase from the retailing side.

Trading results of overseas activities rose by £4.1m to £44.4m, improvements being achieved in all areas, including Australia, New Zealand, South Africa, Europe and Eire.

Worldwide sales increased by £14.4m to £18.9m, but this was after taking into account reductions of £4.5m for currency realignment and £5.7m following the sale of Alliance Wholesale Grocers in June, 1978. If adjustment is made for these factors, UK sales rose by 20 per cent and overseas sales by 14 per cent in terms of local currencies.

The chairman says the small improvement in overall profitability does not adequately reflect the strengthening of the group's competitive position during the year at home and overseas, or the extra effort that goes into the operating divisions, a very satisfactory sales increase.

Although competition remains intense in the wide areas of the food industry in which it operates, the group continues to im-

HIGHLIGHTS

Results published yesterday by two major companies were disappointingly flat. Metal Box lost £5m through the winter disruption and thus suffered a setback in the second half of the year. Lex looks at the likely trends in can production and highlights a more promising performance in the central heating division. Lex examines the results from Associated British Foods and finds that bread production was a problem area and the overall results were some way below expectations. The column also considers the probable recovery in institutional liquidity and makes the point that current levels are set to fall as the Government funding programme is restarted. Elsewhere, Thorn has made a significant investment in France.

prove its competitive strength at home and overseas, Mr. Weston states.

Given some lessening in industrial unrest, which adversely affected margins last year, he believes the group can look forward to a satisfactory profit growth in the current period.

The 1978-79 pre-tax result was struck after interest charges of £1.5m higher at £12.5m, with a £2.2m increase overseas partially offset by a slight reduction in the UK.

1978-79 1977-78
£'000 £'000

Sales 1,825.98 1,670.70
Trading surplus 122,478 115,224
Depreciation 31,052 26,888
Interest 12,528 10,710
Profit before tax 7,828 6,730
Tax 20,804 21,262
Profit 9,988 9,265
Overseas tax 11,815 12,180
Net profit 8,180 8,249
To minorities 7,859 8,180
Extrad. credits 4,173 1,947
Retained 45,087 41,727

Tax with SSAP 15 stood at £11.8m (£12.2m) of which £11.8m (£12.2m) was overseas tax. Comparatives have been amended accordingly. As a consequence of this change in accounting policy, charge has been reduced by £1.1m (£1.3m).

A second interim dividend of 1.7003p (1.5226p) lifts the total net payment from 2.3181p to 2.5588p per 5p share.

Once again, a heavy investment programme in renewing fixed assets has been maintained and capital expenditure was up from £71m to £90m.

Last year, the group increased its borrowing by £1m in the UK, after covering £55m capital expenditure and a £2m rise in working capital. Borrowings were reduced by £10m. Overseas borrowing was up £1m and capital expenditure totalled £35m.

At the year-end, net assets stood at £481.3m compared with £482.4m a year earlier. The company is controlled by Whittington Investments. See Lex

SCOTTISH NORTHERN

Scottish Northern Investment Trust has renewed its £3.5m loan from Clydesdale Bank for three months with effect from June 6, 1979. The interest rate is 12.12 per cent.



Freddie Mansfield
Sir Alex Page, chairman of Metal Box, at the Acton factory
where two-piece beverage cans are produced. The group makes over 700 cans a year at 14 factories.

DIVIDENDS ANNOUNCED

	Current payment	Corresponding for last year	Total
Ariel Inds.	1.42	1.27	2.35
A. B. Foods 2nd Int.	1.7	Sept. 3 1.52	2.59
Blyvoor	85	Aug. 3 33	106
Cafyus	4.8	July 28 4.4	8.8
Craig & Rose 2nd Int.	24.3	July 2 21.87	58.4
Dundonian	0.8	—	0.75
Durban Deep	40	Aug. 3 nil	50
East Range Prop.	10	Aug. 3 nil	10
Homfray	—	—	—
Metal Box	10.72	July 30 8.27	15.09
Prop. & Reversionary	4.22	—	8.22
Reabrook Inv.	82nd Int. 0.84	July 9 1	1.68
Sidlaw	1.5	July 26 1.5	6.72

Dividends shown per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † Gross throughout.
‡ For 104 months. § South African cents throughout.

Ariel Industries rises to record £813,000

TAXABLE PROFITS of Ariel Industries, industrial fasteners, light engineering products group, advanced to a record £512,849 for the year ended March 31, 1979, against £783,309, following slight increase at midyear from £325,800 to £328,800.

The dividend is raised to 2.32p net per 25p share compared with 2.18p with a final payment of 1.417p.

Turnover was ahead at £8.75m (£8.38m) and the pre-tax figure was subject to tax, lower at £65,720 (£54,131).

There was a £65,869 provision, last time, for the loss on sale of the South African operations. At the year-end the amount

reduced was £601,189 (£505,269).

Tax was limited as a matter of principle to reflect only that of liability which may arise. The directors intend to ensure that the long term investment and stock holding policies are consistent with this principle.

Comment

Ariel's prospects appear to be increasingly reliant on its export division which accounted for over a third of turnover last year. The value of goods exported rose to some £2m against £1.88m previously, with Europe again the main target. Overall, pre-tax profits are some 4 per cent higher after a flat first half hampered by slack domestic demand. Last year, capital expenditure was raised to over £1m (£750,000) for the modernisation and expansion of its factories but what may prove interesting is the move, through Thomas Hunter, into food production by the NFT (nutritive film technique) method. The group has so far injected some £600,000 into this project and operations have started, which may make a significant contribution to future profits. The shares were unchanged at 9.7p yesterday on a yield of 9.7 per cent and a fully taxed p/e of 5.6.

Comment

In a difficult home market, Ariel's prospects appear to be increasingly reliant on its export division which accounted for over a third of turnover last year. The value of goods exported rose to some £2m against £1.88m previously, with Europe again the main target. Overall, pre-tax profits are some 4 per cent higher after a flat first half hampered by slack domestic demand. Last year, capital expenditure was raised to over £1m (£750,000) for the modernisation and expansion of its factories but what may prove interesting is the move, through Thomas Hunter, into food production by the NFT (nutritive film technique) method. The group has so far injected some £600,000 into this project and operations have started, which may make a significant contribution to future profits. The shares were unchanged at 9.7p yesterday on a yield of 9.7 per cent and a fully taxed p/e of 5.6.

Craig and Rose ahead to £328,000

Pre-tax profits of Craig and Rose, paint manufacturer, increased from £252,483 to £328,197 in 1978, on turnover of £4.04m compared with £3.33m last time.

At the halfway stage, the surplus was up from £90,847 to £117,381.

After tax of £172,832 (£132,081), earnings per £1 share are shown to have risen to 151.82p (£16.93p). The net total dividend is stepped up to 26.402p (23.97p), with a second interim of 24.302p in lieu of the final.

ICI Australia earnings rise 9.9%

Better trading conditions in Australia and New Zealand enabled Melbourne-based ICI Australia to push up earnings 9.9 per cent from \$18.7m to \$21.8m in the six months to March 31, 1978.

However, costs proved a problem with sales outstripping profit with a 17 per cent gain to \$442m, while the pre-tax figure was up 33 per cent to \$40m. The group is to pay a steady dividend of 7 cents a share.

The main profit contributors were ICI New Zealand and paint offshoot, Dulux Australia. NZ operations achieved a 62 per cent improvement to \$2m while Dulux—aided by the introduction of several new product launches from the motoring sector and better demand in the building industry—made a 124 per cent leap to \$1.8m.

However, the directors say almost all of the group's products, including plastics, commercial explosives, heavy chemicals and synthetic fibre, enjoyed improved market demand.

Non-trading revenue was down from \$8.03m to \$6.85m, because of reduced interest on surplus funds as major capital projects—a \$60m polypropylene plant in Sydney and a \$35m PVC plant in Melbourne—near completion.

UK COMPANY NEWS

Haulage strike cuts back Metal Box in second half

A SECOND half fall from £30.73m to £26.86m left taxable profits of Metal Box £2.45m ahead at £58.23m for the year ended March 31, 1979.

Sir Alex Page, chairman, says that but for the road haulage strike, UK profit, which amounted to £38.51m against £34.34m, would have been £5m more.

Overseas profit was £21.88m compared with £20.42m.

Outlook is more difficult than usual to predict, he states. There is scope to improve efficiencies and profit, even if sales up from £80.75m to £92.6m for the year do not increase dramatically.

Given the wide spread of business throughout the world where new ventures in the UK, he is satisfied the group is well set on a forward course.

On capital increased from last November's one-for-four rights issue, earnings are shown as 57.3p (61.8p) per £1 share, and as forecast, the dividend is stepped up to 18.08p (14.9914p) net with a final of 10.72p.

Sir Alex says that Ideal

Stelrad, boiler and radiator business, together with other specialist packaging, was acquired in the UK, a new "extremely busy" and achieving a good performance.

Also during the year, major investments were made in the U.S. Metal Box Standup was established to supply Pepsi-Cola cans—a factory was erected and can manufacture began in Los Angeles in less than twelve months.

And the Risdon Manufacturing Company, a manufacturer of packaging for cosmetics and other specialty packaging, was acquired on the upgrade.

Metal Box is still looking around for expansion in Europe, he says, and hopes something might materialise this year. In general terms, it is not actively looking for diversifications outside its original business.

Extraordinary items for the year are largely currency conversion losses on overseas assets.

Overseas tax was up large because India moved into tax profit after paying little tax the previous year, and tax rates increased in a range of overseas countries.

See Lex

in the current year the group will reap some benefit of what was undoubtedly the clearing of stocks in the shops.

He expects the Los Angeles plant to be into production by the last quarter of 1979. The Risdon acquisition did not make a contribution last year, he states, and is undergoing rationalisation, but he sees potential to expand into cosmetic packaging. Risdon's specialty outside the U.S. at some stage.

The chairman points out the U.K. central heating operation did particularly well moving up from around 18 per cent to 22 per cent as is still on the upgrade.

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See Lex

Homfray falls to £0.29m

DESPITE a £104,000 turnaround to a £73,000 profit in the furnishing fabrics subsidiary, taxable surplus of Homfray and Company, carpet manufacturer, slumped from £643,000 to £290,000 for the six months ended March 31, 1979. Profit for the previous year had fallen from £1.75m to £0.65m.

Sales for the six months were down slightly to £20.28m (£20.98m) and the directors say that prospects for the summer months are not encouraging. And they are passing the interim dividend and postponing any payment until results for the full year are known—last year's dividend totalled 2.135p.

Further re-equipping plans are being finalised, they add, involving significant capital investment, which will improve productivity, and enable the company to compete profitably in both the UK and world markets.

Both sales and profits of the European carpet group, after an encouraging first quarter, fell well below the figures expected for the six months period. Sales in the UK were particularly curtailed due to the bad weather and the effects of the transport drivers' strike, directors say.

Exports, normally about 30 per cent of sales from the UK, were particularly hard by the

second quarter. For the six months profits are 55 per cent lower, the interim dividend has been passed and the company is far from optimistic about second half prospects. The company's problems started when the rising cost of sterling slashed export margins in competitive overseas markets. The lorry drivers' strike locked up exports for at least six weeks after which repeat orders were more difficult to sustain. All this was compounded by equally difficult trading conditions at home where Homfray is struggling to hold its share in the lower medium-end of the carpet market.

The company has sufficient strength to weather any short-term difficulties but, clearly, the company is banking on an improvement in demand and consequently margins over the medium term to arrest the profit slide. The shares fell 30p where the market capitalisation is £4.7m.

DUCKWARI PAYS PREF. DIVIDENDS

Having received remittances from Sri Lanka, the directors of Duckwari Ltd and Number One Ltd are the dividend on preference shares for the four years to September 30, 1979, will be paid to shareholders forthwith.

Fine Art Developments

-mail order and greeting cards-



EIGHTEEN YEARS CONTINUOUS GROWTH

"...current sales trends and prospects are encouraging and I am optimistic that we shall have yet another successful year..."

F. R. KERRY, Chairman

Year ended 31st March	1979	1978
	£'000's	£'000's

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MINING NEWS

UK COMPANY NEWS

New Australian move may help Pancontinental

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S decision to allow "in certain circumstances" a reduction to 50 per cent in domestic ownership of uranium resources—from the normal requirement of a minimum 75 per cent—could have an important bearing on the big Jabiluka development in the Northern Territory.

This is because a 35 per cent stake in the deposit is held by Getty Oil of the U.S., the remainder being held by Australia's Pancontinental, reports Andrew Clark from Sydney.

The relaxation announced over the weekend will allow the go-ahead for the 48,000 tonnes

uranium deposit at Yeelirrie in Western Australia.

It is owned as to 75 per cent by Australia's Western Mining while Esso Exploration has 15 per cent and German's Uraniumschaffschaft the remaining 10 per cent.

But Esso is to provide a further 35 per cent of the A\$400m (£213m) development costs and take an additional 35 per cent of the product.

The Australian Treasurer, Mr. John Howard, said that if Australian capital could not be obtained for uranium projects which were of "significant economic benefit" to Australia and in

which local participants retained the major role in determining policy, the 75 per cent rule could be relaxed.

Although Mr. Howard did not specifically mention Jabiluka, which has proven reserves of 207,000 tonnes of uranium oxide, the company is believed to be privately confident that the present division of ownership will be allowed to remain.

Under long-standing arrangements, Getty proposes to supply all development costs in the form of loans and pre-paid purchases of uranium oxide. Pancontinental shares, however, eased 13p to 73p yesterday.

Spain speeds uranium search

TWO MINING consortiums have been set up in Spain to explore what are thought to be commercially viable uranium deposits, writes David Gardner in Madrid.

The main feature is the mixture of private and public Spanish capital, in association with two U.S. companies.

In the first consortium, for which Government approval was granted last month, the State participates with 40 per cent through the Junta de Energia Nuclear (JEN). A subsidiary of the Banco de Bilbao holds a further 20 per cent, with the remaining 40 per cent held by Chevron Resources, a subsidiary of Standard Oil of California.

Initial investment in exploration amounts to a minimum \$13.5m (£6.5m), 80 per cent of which will be put up by Chevron and the remainder by Bilbao. The State is obliged to reimburse this outlay only if uranium is discovered in commercial quantities. The State's holding then passes into the hands of the Empresa Nacional de Uranio.

(Enusa), controlled by the State holding company, INI.

Hitherto, Enusa has had the sole uranium mining licence in Spain, but this is circumvented by obliging the consortium to give first option on all uranium mined to Enusa.

The second consortium has been set up on almost identical terms. The JEN will, this time through Exxon, enter Spain through Exxon's general Spain subsidiary, which holds a further 45 per cent, with the remaining ten per cent put up by Petroleos del Mediterraneo (Petromed). The initial investment will be worth \$25m (£12.5m), with Exxon putting up the lion's share.

The larger initial outlay reflects the greater area to be covered, some 20,000 square km in the central northern provinces of Leon, Castilla La Vieja, and Aragon. The Chevron consortium will concentrate its efforts in a smaller area of some 8,000 sq km, at Vich between Barcelona and Gerona, and at Villanueva, near Caceres, alongside the Portuguese border.

Both concerns are optimistic

that their exploratory work will yield substantial finds, and both companies have committed money on less than generous Spanish terms to prove it.

Spain itself is beginning to devote increasing resources to uranium exploration, particularly in view of the country's ambitious nuclearisation programme. Enusa last year produced 129 tonnes of uranium oxide, a slight dip on 1977's production of 132 tonnes. Proven reserves amount to 9,500 tons of uranium oxide with a further 11,000 tons of unconfirmed reserves.

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Both concerns are optimistic

Newman set for big buying spree

FURTHER ACQUISITIONS

should enable Newman Industries to take a major step forward in 1979. Mr. Alan Bartlett, the chairman, forecasts. The group is currently evaluating a number of possible purchases.

"Even where substantial markers, such as Nigeria, suffer setbacks, we are able to absorb their effect and prepare for inevitable recovery," the chairman observes.

Turnover and operating profit of £6.29m, last year was split as to mechanical engineering £16.52m and £1.6m; electrical £13.4m and £1.24m; foundries £5.92m and £1.17m; potteries £10.89m and £0.81m; and international trading £1.06m and £1.45m.

Capital commitments at December 31, totalled £1.28m (£0.82m) of which £0.6m (£0.58m) had been authorised but not contracted.

Meeting, Bristol, on July 4 at noon.

Lawrie Plantation forecasts £2m

The directors of Lawrie Plantation Holdings state that the final results of the year operating company for 1978, including the results of Jokai India for the year ended March 31, 1978, are expected to show a reduction on the 1977 season.

The profit after tax of the group for 1978 is expected to be some £2m.

CHURCHBURY

Churchbury Estates' listing

has been restored following the announcement of Board changes.

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The Council of The Stock Exchange has admitted the above Loan Stock to the Official List. Interest will be payable in equal half-yearly instalments on 28th February and 28th August each year. The first payment will be made on 28th August, 1979.

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Guyana commissions bauxite mine

A NEW £20m bauxite mine has been commissioned by Guyana Mining Enterprise (Guymine) in the first major expansion of the country's mining industry since it passed into state hands, reports our Georgetown correspondent.

The mine will boost national output of calcined bauxite, over which Guyana has a near world monopoly. Reserves are estimated at 50m tons and are expected to last for 40 years.

Work on the new mine started five years ago, not long after the Guyana interests of Jemco were nationalised in 1971. Some 15m cubic yards of overburden were cleared to a depth of 300 feet before the mine was commissioned.

Initially about 12 per cent of Guyana's calcined bauxite output will come from the new mine, rising to about 50 per cent by 1988. The mine is intended to replace existing properties as they become exhausted.

The commissioning comes at a time when preliminary studies have revealed that Guyana's bauxite reserves may be much larger than previously suspected. The studies indicate that billions of tons of lateritic material, including commercial-grade bauxite exist over the 15,000 square miles of the Pakaraima Plateau in the west of the country.

An attractive feature of the patches of commercial-grade bauxite, which have been proven in limited tests, is that the ore is on the surface and there is no need to lay down equipment to remove the overburden.

But Guymine officials warn that a great deal of exploration and evaluation are necessary before concrete results are available. They add that the techniques for investigation will have to be very different from those used in the traditional Guyana bauxite belt where reserves are adequate for between 40 and 50 years at the current consumption rate of about 4m tons a year.

Blyvoor lifts dividend

IN THE latest batch of June dividend declarations, those of the Barlow Rand group, Blyvoor yesterday announced a final dividend of 65 cents (27p)—broadly in line with market expectations—making a total for the year of 105 cents (60p) against 65 cents last year.

At the lower end of market forecasts, however, are the interim declarations of Durban Deep and East Rand Proprietary.

The former, which returned to the dividend list last December, is making an interim payment of 40 cents (23p), against market forecasts of as much as 75 cents, while East Rand Proprietary's interim of 10 cents (5.7p) compares with expectations of up to 20 cents.

COBALT HELPS OUTOKUMPU OY

Finland's state-owned Outokumpu Oy mining and refining group made improved profits last year despite low prices for its major products, copper, stainless steel, zinc and cobalt, reports our Helsinki correspondent.

The day was saved by sharply rising prices for cobalt and an increase of 129 per cent in sales of the technical export division. Total net profits rose to FM 8.3m (£1m) while turnover increased by 27 per cent to FM 1.75bn, of which exports accounted for 78 per cent.

Outokumpu Oy forecasts a further improvement in profitability for this year, again

Amoco ponders Detour gold

AMOCO CANADA PETROLEUM is studying its options for development of the Detour Lake gold prospect in Ontario following a feasibility study which produced higher capital cost estimates and lower mineable ore reserves than expected, reports John Sognenich from Toronto.

At one stage it was thought that the remote Detour deposit could be developed into Canada's largest gold mining operation. The deposit has been reported as containing 10m tons of ore grading 0.224 ounces of gold per ton.

Amoco, a subsidiary of Standard Oil (Indiana), has spent \$8.3m (£3.8m) on Detour. The feasibility study has included underground development to a depth of 400 feet for the examination of the ore zone, core drilling and additional metallurgical testing.

The gold prospect is in the north east of Ontario, in a remote area accessible only by air when Amoco started work, and near Sorelton Trust's base metal project, just over the provincial border, Quebec.

The likelihood of development by Amoco has for long been considered at least partly dependent on a decision by Selection Trust to go ahead with its project. Both mines would be able to use the same access.

Selection Trust could make a decision on its project later this year. It has an option to buy a 50 per cent stake in the deposit presently held by Pickands Mather of the U.S. and is seeking a joint venture partner.

GROOTVLEI

ALTHOUGH THE South African Union Corporation group's Grootvlei rates as a short-life gold mine, the reference to continuing underground operations reported yesterday applies to the group's Marievale Consolidated and not to Grootvlei, as stated.

It is Marievale which anticipates a cessation by the end of this year of the significant contribution to total profits from underground operations. After this, Marievale's future dividends will depend on income from milling low grade rock dump material, clean-up operations and the disposal of assets.

Midland's new gilt fund

Midland Bank has launched a new gilt unit fund for savers seeking a high return.

The fund, Midland Drayton Gilt, is based in Jersey and will pass on income before deduction of tax.

The fund will concentrate mainly on British Government securities and is expected to appeal particularly to non-taxpayers in the UK and British nationals abroad.

The fund is run on standard unit trust lines but is technically a company with participating redeemable preference shares which will be issued and repurchased in response to investor demand.

The minimum investment is 1,000 shares which are on offer initially at £1 including the manager's charge of 1p per cent share.

Offices: New York One New York Plaza 1000a • (212) 247-7000 • Contact James Massey. Chicago: 8700 Sears Tower 60606 • (312) 876-5700 • Contact Ira Harris. Dallas: 4110 Republic National Bank Tower 75201 • (214) 570-0333 • Contact Raymond Golden. Atlanta: Atlanta Center, Suite 2100 30303 • (404) 658-1100 • Contact Scott Crabb. Boston: 59 High Street 02110 • (617) 357-6200 • Contact Joseph Lombard. Cleveland: 1425 Investment Plaza 44114 • (216) 241-7300 • Contact Dennis Seiter.

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BIDS and DEALS

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Thorn in £26m French television rental deal

BY CHRISTINE MOIR

Thorn Electrical Industries has acquired 50.1 per cent of Locatel SA, the largest television rental group in France, and is bidding for the rest at a price which values Locatel at £25.3m (FFr 240m).

Thorn, which established a small television rental chain, Visea, in France 18 months ago, acquired the Locatel stake from two corporate shareholders, Euro France and Sofip, through Leard Brothers, at FFr 450 per share in cash.

It will now stand in the market at this price in an attempt to acquire the outstanding equity. The offer price represents a 56.8 per cent increase over yesterday's closing price on the Paris Bourse.

Locatel, which was established in 1962, now has 88 shops and around 900 television agencies, servicing 101,000 television rental sets in France. Total television sets are 78,000 black and white sets throughout France.

Thorn's turnover for the year to last August was FFr 218.3m, an 18 per cent increase on the previous year. Post tax profits were FFr 11.6m (FFr 9.4m). At the time of the latest rights issue in February, net tangible assets were stated to be FFr 81.8m.

Thorn's television rental operations in most other European countries as well as Australasia and South Africa. A spokesman for the group said that the French acquisition was made in the light of the potential growth in penetration of colour sets in that country. Ownership of colour sets in

France is only 22 per cent of all sets compared with 68 per cent in the UK.

The transfer of the controlling interest in Locatel is still subject to consent by the French and UK authorities.

AMBER DAY PAYS £1.3M FOR

RANDALL FASHION

Amber Day, the clothing manufacturer and retailer, is paying about £1.29m in shares and cash for Randall Fashion Group, a private company retailing ladies' clothing from stores at Brent Cross, Bromley and Croydon.

Mr. Ronald Metzger, chairman of Amber said the acquisition would strengthen the management and spread of interests in its ladies' retail fashion division. Two Randall directors will join the main Board when the acquisition is completed in September.

Randall's turnover in 1978 was £1.55m while pre-tax profits are running at a rate of £260,000.

It is turnover for the year to last August was FFr 218.3m, an 18 per cent increase on the previous year. Post tax profits were FFr 11.6m (FFr 9.4m). At the time of the latest rights issue in February, net tangible assets were stated to be FFr 81.8m.

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France is only 22 per cent of all sets compared with 68 per cent in the UK.

The transfer of the controlling interest in Locatel is still subject to consent by the French and UK authorities.

Assets acquired are valued as follows: goodwill £880,000, trade fixtures and fittings £88,000, stock £107,350, freehold £26,000, freehold houses £25,000, total £848,350.

Profit, before tax, derived from this acquisition is estimated at £140,000.

NSS intends maintaining continuity of employment for management and staff of these Leicester shops but no directors of A. J. N. are joining NSS.

It is understood that the details of a bid had almost been agreed before the shares were suspended. This move, however, damped out interest from other parties.

Mr. James is no longer the beneficial owner of any shares in the group. Between them, however, a family trust and the Dawn James charitable foundation own about two thirds of the share capital.

Meanwhile, John James accounts for the year to March 31 are in the final stages of consolidation and the Board considers the likely level of results for the year to be very encouraging.

JANTAR OFFER LAPSES

The 10p per share offer for Jantar from Mr. Edward Nassar

has lapsed. On the closing date

last Friday Mr. Nassar's offer

had been accepted by only just

over 10 per cent of holders of

the outstanding 70 per cent of

the equity.

Mr. Nassar's bid, increased

from 9p to 10p, was triggered

off when his stake rose from

just under 30 per cent to a

fraction over. Mr. Nassar will

continue to hold that stake and

under Stock Exchange rules may

not now make another bid for a

further 12 months.

NSS PAYS £0.85M FOR 16 SHOPS

NSS Newsagents has acquired

from A. J. N. (Newsagent) 16

shops in the Leicester area trading

as County News for £831,564

cash.

Assets acquired are valued as

follows: goodwill £880,000,

trade fixtures and fittings £88,000,

stock £107,350, freehold

£26,000, freehold houses £25,000, total £848,350.

Profit, before tax, derived

from this acquisition is estimated

at £140,000.

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solidation and the Board con-

siders the likely level of results

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encouraging.

Interest grows in John James

John James Group, the Bristol-based industrial and investment company, has announced that it is currently holding talks with more than one possible suitor.

The group, which is headed by the colourful 73-year-old millionaire Mr. John James, said discussions with interested parties were continuing and added that consideration of any offer would take fully into account the interests of shareholders and employees.

Speculation about the future of the company has been mounting since John James shares were suspended last month at 55p, a level which valued the group at £15.5m.

John James Group's interests include a wide variety of engineering companies, with a particular emphasis on tubes, valves and fittings, and an 8.6 per cent portfolio of preference shares.

It seems likely that arrangements will be made for the preference share portfolio to be passed to a trust with which Mr. James will be associated.

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Mr. James is no longer the beneficial owner of any shares in the group. Between them, however, a family trust and the Dawn James charitable foundation own about two thirds of the share capital.

Meanwhile, John James accounts for the year to March 31 are in the final stages of consolidation and the Board considers the likely level of results for the year to be very encouraging.

SHARE STAKES

James Beattie—Mrs. Sallie I. du Cann, wife of Mr. Edward du Cann, has been appointed a director. Her interests are 14,000 ordinary shares and 214,900 "A" ordinary.

Sime Darby Holdings—Wee Cho Yaw, director, notifies that a company in which he is

deemed to be interested, has

Howden share deal

Howden Group, the Glasgow engineering concern, is to issue shares representing 48 per cent of Canadian subsidiary, Howden Canada, to BBC Brown, Boveri of Baden, Switzerland, in a cash deal worth C\$15.5m (£8.5m).

The move follows the acquisition by Howden last year of the 48 per cent stake, which it did not already own, in Howden Parsons from Northern Engineering Industries in a deal worth C\$15.5m. Howden Parsons was later renamed Howden Canada.

Arrangements were then made with BBC Brown, Boveri to collaborate in the submission of tenders and the supply of Brown Boveri-designed turbime generators throughout Canada. And, as part of the deal, BBC Brown, Boveri had an option to negotiate to acquire up to 48 per cent of the share capital of Howden Canada.

The deal is to be arranged through the issue by Howden Canada of 96,078 common shares of C\$1 to a Canadian subsidiary of BBC Brown, Boveri for C\$15.5m each, payable as to C\$1 per share, and the balance of C\$18.4m on July 15, 1981, or alternatively, on the election of a further party on July 15, 1982. The proceeds from the sale are to be used by Howden Canada as additional working capital.

CARLESS
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PETROLEUM-CHEMICALS-OIL AND GAS EXPLORATION

Results	Year ending March 31st 1979	1978
Group Turnover	£36,494,000	£32,563,000
Group profit before exceptional item and tax	2,978,000	2,030,000
Exceptional item: Special payment to Pension Fund	300,000	—
Group profit before tax	2,578,000	2,030,000
Profit after tax	2,044,000	1,421,000
Extraordinary items	—	30,000
Attributable to shareholders	2,044,000	1,391,000
Dividends (including proposed final)	406,000	263,000
Earnings per share	5.2p	3.6p

A final dividend of 0.6174p per share is recommended making a total for the year of 1.0289p. This is the maximum permitted under current legislation.

The directors, but for the present restraint, would have proposed a final dividend of 1.3p per share. In consequence, they intend to reserve a sum equal to the difference between such dividend and that which is proposed, to be distributed as a special dividend when circumstances permit. Accordingly £270,000 is designated within reserves as available for this purpose.

A fifth well has been drilled on block 21-2 confirming the presence of oil discovered in the first well. A sixth well to test the gas and condensate structure failed to confirm an economically viable accumulation.

As indicated in the Interim Statement issued in December 1978 the trading pattern improved in the second half year and the results have exceeded expectations. Although it becomes increasingly difficult to forecast results it is expected that the present satisfactory trend will continue during the current half year.

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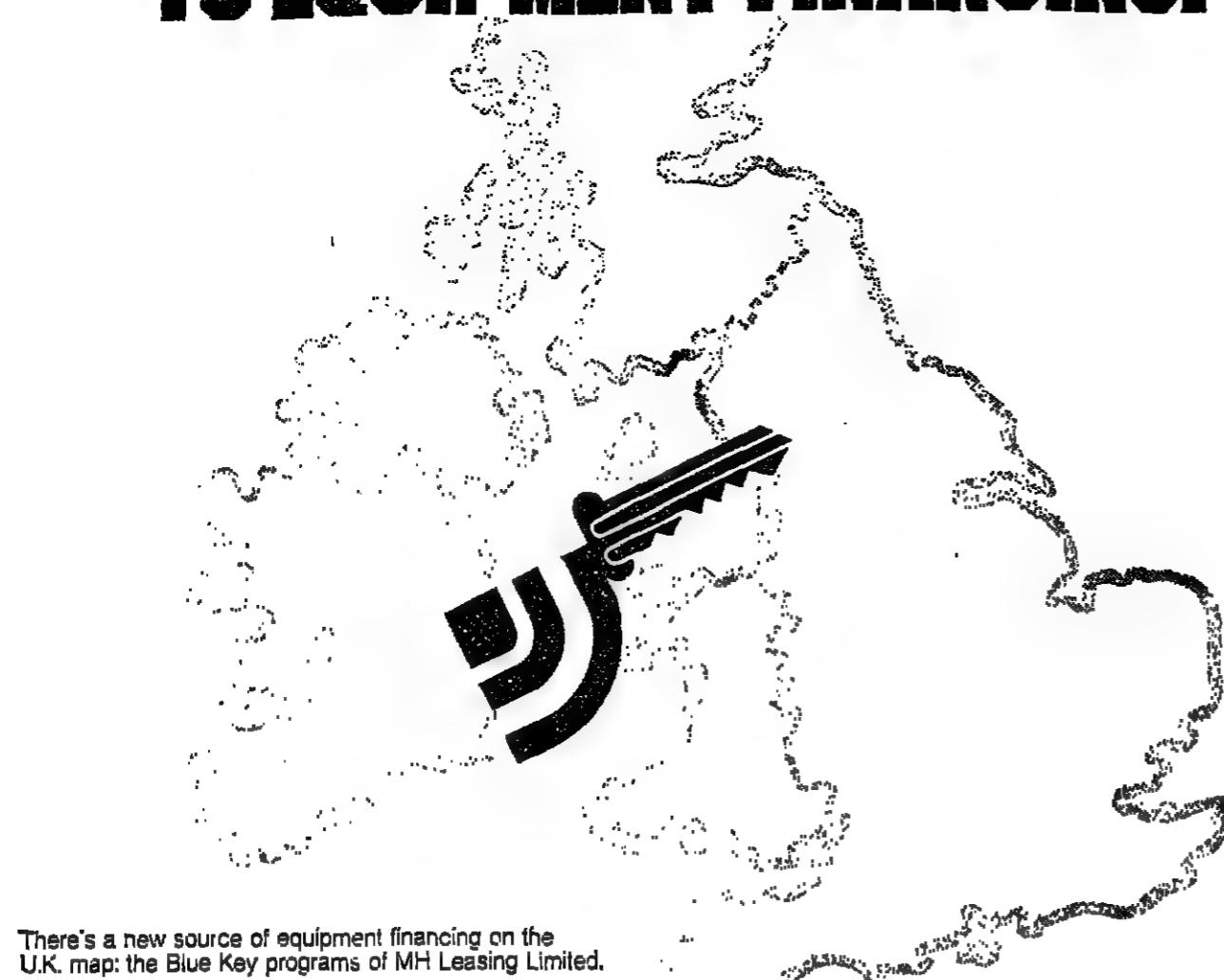
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Oil companies defend role of Petro-Canada

By ROBERT GIBBENS in Montreal

CANADA'S oil industry, which several years ago fought so strongly against the Trudeau government's plan to set up Petro-Canada, the national oil company, is calling on Prime Minister Joe Clark to go slow with implementation of his campaign promise either to break up the company or sell off part of its stock to the public.

Mr. Jack Armstrong, head of Imperial Oil (Exxon), Canada's largest integrated oil company, Senator Ernest Manning, former Alberta Premier and now a consultant in Calgary and Edmonton, and several leaders of the smaller Canadian-owned exploration companies such as Carl Niele, of Calgary, have argued publicly in the past few days that Mr. Clark should think twice before disturbing the present set-up.

These oil industry spokesmen, aware that the Clark government will face strong opposition to a break-up of Petro-Canada from both the Liberal and New Democrat opposition, are also arguing that it is foolish to put a move against Petro-Canada in its present form at the top of the new government's priority list.

While all agree that they opposed its formation vehemently, they now see a definite role for the national oil company in making major contributions to exploration and development in areas such as the Far North and offshore East Coast where costs are extremely high and the payoff delayed by technical difficulties or construction of major pipelines in the future.

Cost burden

Many large oil companies in Canada are saying that with the present tax and royalty regime and the incentives for drilling in frontier and remote offshore areas, the private-sector part of the industry cannot shoulder all the costs as well as keep mainland exploration and development going at a faster pace. The Progressive Conservative Government elected on May 22 has undertaken to ease some of the burden on the industry and assure it of longer periods for special tax incentives.

No matter what is decided in the tax and incentive areas, it



would not be necessary to change the status of Petro-Canada—which last year took over complete ownership of Phillips Petroleum's Canadian subsidiary in a deal worth more than \$1.4bn—the largest take-over in Canadian business history.

But the industry is asking the Government to revise the rules particularly those affecting northern frontier exploration, under which Petro-Canada is regarded as having an unfair advantage. In certain circumstances, Petro-Canada has first call on acreage in the Arctic Islands, and the industry says this allows it to get some of the best exploration areas available without making a commensurate expenditure on seismic work or drilling. The Arctic areas are undisputed federal lands.

Some oil industry spokesmen now even say that Petro-Canada, under its president Mr. William Hopper, an Imperial Oil man in western Canada before he went into the federal civil service, has done a good job in educating Ottawa politicians and mandarins about the realities of the oil industry. This is ironical since Mr. Hopper, shortly after the formation of Petro-Canada, it

accused some major companies of waging a campaign of vilification against it.

Petro-Canada, before taking over the Phillips subsidiary, had also bought out Atlantic Richfield's operations in Canada. Both moves were criticised in the industry which said that government funds were used as the equity base for the deals, when the money could have been used more usefully to find more oil and gas.

Petro-Canada also owns the largest single block of stock and control in the Panarctic Oils consortium, which began the Arctic Islands exploration after the Prudhoe Bay oil and gas find in Alaska in 1968. It has been taking a leading role in Panarctic's operations and policies, giving rise to rumours that it would buy the private partners out. It has denied this.

Biggest single stockholders in the private sector are the Canadian Pacific group and the Noranda Mines group.

Panarctic has found a new field offshore from Northern Melville Island, increasing its proven gas reserves there perhaps to 15 trillion (million million) cubic feet. This has created new pressures to give a Polar Gas pipe-

line route another hearing instead of plans to move Melville Island gas by LPG carriers of 140,000 cu metres capacity via Lancaster Sound and Davis Strait down the Labrador coast into the Lawrence to a terminal east of Quebec City.

World shipbuilders have as far as offering designs and quotations for such LPG carriers, ranging up to about \$400m each. No decision was reached by the Trudeau government on this so-called Arctic Pilot Project. It will come again this autumn before the new government.

Pipelines

Petro-Canada has been leading sponsor of this project and would help finance it if went through.

The alternate Polar Gas pipeline would bring Melville Island gas with a wide pipeline to the mainland around Coppermine and join the old Mackenzie Valley pipeline, proposed several years ago and beaten out by the Alaska Highway pipeline project, south Prudhoe Bay gas to south Fairbanks, Alaska, and then swinging into northern Canada and Alberta and south Midwest U.S. markets.

Mackenzie Valley gas was supposed to be hooked up to this line later via the Dempster Highway route—the road is not being finished from Dawson to Inuvik at the head of the Mackenzie Delta.

The new Polar Gas route, known as the Y-line (see map), and it is now clear the change in exploration will present new set of options to the Canadian Government.

In the case of Polar Gas and the Y-line, there is powerful sponsorship, including Trans Canada Pipelines, which effectively controlled now by Dome Petroleum, the pioneer exploration group in the Beaufort Sea between Prudhoe Bay and the Mackenzie Delta.

The Y-line may have more attraction than the old Polar Gas route which would have brought central Arctic gas to the mainland via the Boothia Peninsula, continuing down the west side of Hudson's Bay to northern Ontario and connecting with Midwest markets.

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Companies and Markets

CURRENCIES, MONEY and GOLD

£ and \$ steady in quiet trading

Trading in yesterday's foreign exchange market remained very quiet, although the U.S. currency may have benefited on news of a higher ring of short positions. The day's trade figures had left the market's opinion as somewhat dampened, and there was a likelihood of any movement ahead of today's economic package. Sterling showed a slightly firmer tendency overall, dealers stressed that moves may have been exaggerated in extremely thin conditions. Trade weighted basis using £ of England figures, the day's index rose slightly to 67.2, having stood at 67.1 at noon and 67.2 before the ring. Against the dollar it had risen to \$2.0605 and by 10.00pm to \$2.0608, before closing the day to close at \$2.0602, a rise of 55 points.

Friday. Trading for the day took place within a narrow range of \$2.0605. The dollar finished near its level for the day against currencies in rather featureless trading. Against the D-mark it finished at DM 1.9135 against 1.9110 and SWF 1.7325 from 1.7300 in terms of the franc. The yen showed a slight tendency with the dollar at Y218.70 compared with Y218.50 on Friday.

ANKFURT. — There was no reaction at yesterday's fixing by the Bundesbank when the D-mark was fixed at DM 1.9122. It lay up from Friday's level of 1.9113. Trading was very quiet with little fresh other centres.

EMS EUROPEAN CURRENCY UNIT RATES

ECU	Currency	Change	Change	Change	Change	Divergence
Central	against	from	central	adjusted	over	time
rate	ECU	June 11	rate	divergence	time	rate
1 Franc	0.64562	0.64748	+0.008	+1.7%	+1.5%	
1 Krone	7.06522	7.25267	+0.249	+1.6%	+1.0%	
1 D-Mark	0.78231	0.78201	+0.030	-0.3%	-1.3%	
1 Guilder	1.72077	1.72605	+0.145	+0.6%	+1.5%	
1 Lira	0.652638	0.657623	+0.078	-0.03	+1.0%	
1 New. Lira	118.615	119.255	-1.98	-1.3%	+2.0%	
Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.						

June 11

THE POUND SPOT AND FORWARD

June 11	Day's spread	Closes	One month	Two months	Three months	Four months
U.S.	2.0605-2.0695	2.0683-2.0693	0.17-0.70 pm	0.70	0.80-0.70 pm	1.45
Canada	2.2220-2.4315	2.4305-2.4315	0.17-0.07 pm	0.59	0.48-0.38 pm	0.71
Netherlands	2.3620-2.4020	2.4020-2.4020	0.17-0.07 pm	0.58	0.48-0.38 pm	0.71
Belgium	2.35-2.35	2.35-2.35	0.17-0.07 pm	0.48	0.38-0.38 pm	0.52
Denmark	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (1)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (2)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (3)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (4)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (5)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (6)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (7)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (8)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (9)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (10)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (11)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (12)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (13)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (14)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (15)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (16)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (17)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (18)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (19)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (20)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (21)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (22)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (23)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (24)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (25)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (26)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (27)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (28)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (29)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (30)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (31)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (32)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (33)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (34)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (35)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (36)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (37)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (38)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (39)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (40)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (41)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (42)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (43)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (44)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (45)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (46)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (47)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (48)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (49)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (50)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (51)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (52)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (53)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53
U.S. (54)	11.36-11.42	11.405-11.415	1.00 pm-1.00 pm	1.15	1.20-1.20 pm	0.53

Major RSV yard to be run-down

BY CHARLES BATCHELOR IN AMSTERDAM

A MAJOR shipbuilding yard he loss-making Rijn-Schelde-Slim (RSV) group would one an assembly yard for sections built elsewhere a plan proposed by the Economics Ministry. This proposal, which would cost between F1 180-400m, has yet to have the approval of the Cabinet and has been rejected by the trade unions.

The Dutch Government last announced a plan to protect F1 195m (\$93.76m) in aid SV in return for capacity.

At the same time it said ad assumed responsibility the large yard, belonging subsidiary VDSM, from May 1, 1979, while it coned what to do with the largest in the Nether-

Gijss van Aardenne, Economic Minister, now pro reducing VDSM's activi to the assembly of vessels

The FNV industrial union sees the Economics Minister's

proposal as the first stage in other yards within the RSV group and elsewhere in the Netherlands. This would have the advantage of complementing the activities of another RSV yard, that of NDSM in Amsterdam, which was recently restructured and with only enough capacity to make ships sections, but not complete vessels.

The latest proposal for VDSM would mean that many "over-head" functions of the yard in Rozenburg, near Rotterdam, such as planning and control, would be abolished leading to the loss of 500-1,000 jobs. This would cost more than the F1 180m needed to shut the yard down completely but less than the F1 400m proposal made by the unions for keeping it open, the Economics Ministry pointed out.

The FNV industrial union sees the Economics Minister's

Cockerill reduces deficit

Our Financial Staff

JCD losses are reported

Cockerill, Belgium's largest company. The parent com has cut its deficit by an eighth to BFr 6.41bn (\$2.72m).

The company's productivity waned last year and but for its depreciation rements and rising costs, Cockerill's losses would have far lower. On a comparable the better productivity have lopped BFr 2bn of deficit, Baron Clerdent, lent explained.

phasising the improved for production, he'd out that parent com increased output in the five months of this year by cent to 2.19 tonnes. Sales the period had risen by cent.

cent company turnover by 10.1 per cent in 1978 to FFr 32bn. Group figures, held for the first time, a net 1978 loss of BFr 1.1bn on sales of BFr 64.7bn. Cockerill's parent company carried forward into 1979 a BFr 18.7bn from BFr 1.4bn a year earlier.

already announced, the regional authorities a 28.9 per cent holding Cockerill to help it overcome effects of the steel crisis.

Lauritzen es modest improvement

Barry Barnes in Copenhagen. URITZEN, the shipping, building and industrial said that the modest ment in earnings could be expected this year, but as difficult market cond earnings will still be satisfactory.

group's turnover in 1978 ed from Dkr 3.8bn to 5.1bn. Operating profits fell Dkr 64m to Dkr 493m (7m)—the 1978 figure included 93m for ship sales. earlier years, the proceeds such sales have not been ed in the profit and loss statement.

earnings were down from 257m to Dkr 169m. The company, Vesterhavet, will pay an unchanged ent dividend.

up assets increased from 4.7bn to Dkr 5.3bn, but capital was down from 1.44bn to Dkr 1.35bn, tio to the annual report, decline in 1978 earnings blamed on the group's ng activities.

CdF Chimie expects better year

BY TERRY DODSWORTH IN PARIS

THE FRENCH chemicals group CdF Chimie, owned by Charbonnages de France, the nationalised coal company, is forecasting better results for 1979 following an unsatisfactory year in 1978 which produced final losses of FFr 26m (\$80m).

Blame for the continuing difficulties at CdF Chimie, one of the country's main chemical companies, is placed on the poor market conditions in the plastics industry. In addition, it was hit by operating problems following an explosion in its ammoniac plant at Carling, and by production difficulties at its new styrene factory.

CdF's poor results, which follow even larger group losses of FFr 320m in 1977, mean that the future of its big new petrochemicals complex at Dunkerque is left in question.

The first part of this steam cracker went into operation in November last year, but the group admits that it needs outside finance to complete the unit. It has looked to the oil state of Qatar, which took a 40 per cent stake in the first tranche, to come up with the money for the second stage, but this has not been agreed as yet.

A resolution of the difficulties at Copenor, the subsidiary which runs the Dunkerque plant, is important for the group because of the high fixed costs in operating a petrochemicals complex. Copenor has also used up large slices of investment finance, including FFr 550m last year, out of a total group outlay of FFr 900m (FFr 680m in 1977).

CdF Chimie says that it is continuing to employ tight management policies to reduce its losses, including a freeze of new appointments and on non-essential projects. But it says that the effects of these measures have been undermined by the tight margins in the industry, particularly in the chemical sector.

Last year's results consolidate for the first time the APC affiliate, giving an improved look to the profits figures. CdF's net losses, excluding APC, came to FFr 74m against FFr 46m in the previous year. Consolidated losses, however, including APC, came to FFr 262m, against FFr 320m in 1977.

The figures also show that some 35 per cent—FFr 2.3bn—of CdF's turnover came last year from overseas. Total turnover amounted to FFr 6.8bn against FFr 4.8bn in 1977.

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Earnings recovery at Losinger

BY JOHN WICKS IN ZURICH

SWITZERLAND'S leading construction company, Losinger AG, lifted group turnover from SwFr 490m to SwFr 516m (\$297.9m) last year. Of this, some SwFr 214m was accounted for by foreign contracts.

Losinger, which booked new orders worth SwFr 445m during the year and an end-year order total of SwFr 423m, recorded an improvement in net profits from SwFr 39.618 to SwFr 163.696 for the parent company, but is again to pass a dividend for the year.

Consolidated net profit rose from only SwFr 9.308 in 1977 to SwFr 364.795 last year. M represents a number of leading American and European group, Walter Meier Holding.

Sapmaz group doubles profits

BY METIN MUNIR IN ANKARA

DOUBLED profits are reported for 1978 by the Sapmaz group, the largest textile company in Turkey.

Sales last year rose by 90 per cent to the equivalent of \$208m helping to lift profit by a full 110 per cent to \$23m. The group produces a wide range of textiles, including cotton and wool, yarns, synthetics, imitation fur and carpets.

Mr. Muncu Tekvili, Sapmaz's foreign relations manager, said in an interview that Sapmaz could "easily" export \$50m worth of textile products this year and that Turkish textile industry's total export capacity was as high as \$500m per

annum. Exports were, however, at a low level because inflation and high demand from home made sales more lucrative than sales abroad.

Textiles are Turkey's most advanced industry. Yarn and textiles constitute 15 per cent of total exports and 45 per cent of industrial exports.

The Durmaz Yasar group, the industry conglomerate based in Izmir, reports record turnover in profit figures for 1978. Pre-tax profit was the equivalent of \$20m, an increase of 66 per cent. Turnover at \$113m was 52 per cent higher than in 1977.

"One should not make too much of these numerical in

creases in profits," said Mr. Ali Nail Kubali, director of planning and sales more lucrative than sales abroad.

Mr. Kubali said that he was unable to say what results he expected from 1979. Much depended on the availability of imported raw materials. The prospects were not bright owing to the continuing foreign currency shortage. The group's fertiliser plant had stopped production a fortnight ago owing to the lack of imported inputs.

Durmaz is prominent in paint manufacture, tourism, dairy and fertilisers.

Despite the attendance of 250

shareholders, the meeting—called by the Bond Corporation chairman, Mr. Alan Bond, to condemn South Australia's legislation which limits shareholdings in the company to 15 per cent—lasted only 40 minutes, then was adjourned to a date to be set.

Afterwards, Mr. Bond, whose company is in a group presently holding 37.5 per cent, said that this had been done to enable the board to investigate proposals to be put to the Government as suggested amendments to recently enacted legislation.

He said the business com

unity had exercised more

caution than necessary in approaching these facilities but added he was confident the situation would become more relaxed as more experience was gained in the issue and market

of the instruments.

So far, all 13 banks auth

ised to issue CDs had done so,

with financial institutions as the main buyers, while 10 commercial banks and eight merchant

banks had accepted BAs for

their customers, with 18 commercial banks and six merchant

banks having participated in the secondary market.

Sumitomo plan to lift Toyo Kogyo stake

BY RAMI G. KHOURI IN AMMAN

SUMITOMO BANK has asked Sumitomo group companies to increase holdings of Toyo Kogyo shares so as to raise combined share holdings to more than 20 per cent from the present 14 per cent.

The poor demand for the F27 and F28 aircraft led to short-term working in Amsterdam in the first half of the year, but the assembly of the F16 fighter and increased production of the Airbus led to an improvement in the second half.

The increased tempo of these aircraft programmes is expected to lead to a rise in sales following the 4.1 per cent fall to DM 551,000 (\$290,000) in 1978 compared with the record loss of DM 157.7m (\$83m) the year before. Last week, the German end of the venture also

announced a turnaround from heavy deficit to a small profit.

Increased demand for the A300 Airbus almost compensated for the effect of the decision to end VFW F16 production at Bremen. The present level of orders for the A300 and the plans to develop the A310 version guarantee work under the Airbus programme until at least 1982.

The poor demand for the F27 and F28 aircraft led to short-term working in Amsterdam in the first half of the year, but the assembly of the F16 fighter and increased production of the Airbus led to an improvement in the second half.

Toyo Kogyo, which manufactures Mazda vehicles, last month

reached basis agreement with Ford for the latter's 20 per cent stock acquisition in Toyo Kogyo.

Meanwhile, Nissan Motor Co. said it hopes to acquire 100 per cent ownership in the Japanese

joint concern, Nippon Jido Henshukki Company (Japan

Automatic Transmission Company), from Ford Motor Company and Toyo Kogyo Company this year.

The joint concern, 50 per cent

owned by Ford and 25 per cent

each by Toyo Kogyo Company

and Nissan, was established in

1970 to produce automatic trans

missions for vehicles using a

Ford licence.

Reuter

The joint concern, 50 per cent owned by Ford and 25 per cent each by Toyo Kogyo Company and Nissan, was established in 1970 to produce automatic transmissions for vehicles using a Ford licence.

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BANK FOR INTERNATIONAL SETTLEMENTS REPORT

THE \$ AT THE EYE OF THE STORM

The Bank for International Settlements in its annual report for 1978 records a year in which foreign exchange turmoil, centred on the decline of the dollar, left its mark on a number of important developments in the world economy.

The upsurge in international inflation at the turn of 1978/79, the expansion in world liquidity, the borrowers' market in international bank lending, large divergences in the balance of payments positions of the major industrialised countries, and a growing move towards reserve currency diversification, are all the BIS suggests, related to the fundamental problem of the dollar.

The bank's main policy recommendation is that the U.S. authorities maintain their move towards restoring confidence in the dollar and improving the balance of payments.

This would not only solve a number of inter-related problems relating to the world monetary system such as the rising liquidity and reserve diversification, but would also help a pattern of more convergent growth policies among the major industrialised countries and ensure a sound basis for the operation of the European Monetary System.

New levels reached in foreign lending

THE EXPANSION of foreign banking business reached "unprecedented proportions" in 1978 according to a review of the international credit and capital market in the annual report of the BIS. Because this happened under conditions of slack loan demand and great international liquidity the result was a "further compression of bank earnings margins to levels that seemed to be based on the assumption of a future without problems or losses."

The BIS expresses obvious concern at this development, noting that "it is not easy to see how these (lending) spreads can leave scope for building up adequate provisions against future losses." It observes: "with the front end fees from new loans usually credited to the banks' income for the current year, this negotiation of lower lending margins tended to have a favourable impact on the banks' profit situation last year, but is liable to impair their earnings potential in the longer run."

The BIS figures show that the total external assets of the major Western countries grew by \$213bn last year, or twice as much as in 1977. In a total of \$963bn. This growth was inflated by three factors:

(a) the fall in the dollar relative to all other currencies; (b) the rise in short-term interbank deposits which resulted from the currency unrest of 1978; and (c) the inclusion of new elements into the BIS compilation. Taking out the interbank element the BIS says that the growth of international bank credit accelerated from \$75bn to \$110bn in 1978 giving a net total of international lending at the end of the year of \$540bn.

The BIS pins down four factors which led to there being a lot of liquidity for the international banks to deploy. (1) Slack loan demand in the U.S. and the desire of foreigners to borrow a weakening currencies to cover big dollar outflows from the U.S. both from banks and non-banks; (2) Surplus countries (for instance West Germany, Japan) followed easy money policies to prevent their exchange rates appreciating. This provided the banks from these countries with "plenty of ammunition for lending abroad."

3.—The vast U.S. official settlements deficit boosted world official exchange reserves."

4.—Banks sought to step up their international lending business because of the difficulties in reaching the desired rate of expansion at home.

New stress on exchange rate stability

LAST YEAR'S currency crisis has forced the major industrialised countries to put into effect a greater commitment to stabilise exchange rates. This is the conclusion of a detailed analysis of foreign exchange market development contained in the Bank for International Settlements' annual report.

After last year's exchange rate turmoil, which the BIS says

was on a scale comparable only to that which led to the final collapse of the Bretton Woods system in 1973, the U.S. has now joined other major countries in acknowledging that markets, left to themselves, can produce exaggerated movements in exchange rates that are damaging to the domestic economy.

In addition to the change of U.S. policy, EEC countries have set up the European Monetary System in a bid for more exchange rate stability in the Common Market area.

The Swiss authorities have announced their intention of

keeping the D-Mark well above the level of SwFr 80 for DM 100.

Common to these decisions is the belief both in countries with persistently strong currencies like Germany and Switzerland, and in France and Italy, which had earlier withdrawn from the European joint float, that greater exchange rate stability is a pre-requisite for dealing with domestic economic problems.

The shift in official policies has proved remarkably successful since last autumn. But the position in late 1978, with large oversold positions in the dollar, wide interest rate differentials favouring the dollar, and clear signs of reduction in some payments imbalances, was particularly favourable.

The BIS warns that the real test of such policies will come when circumstances are less propitious, and it will not be easy to maintain more stable exchange rates in the future.

Regarding the EMS, it says

consolidation and further pro-

gress of the system require

more than the mere absence of a new dollar crisis.

Whenever changes in central rates become unavoidable, they should be carried out swiftly and smoothly. But there are obstacles in the way of such

ANALYSIS BY DAVID MARSH AND NICHOLAS COLCHESTER

decisions which can only be overcome with a combination of political will, technical skill and good luck.

The large current account deficit of the U.S. together with a sizeable movement of official and private funds out of the dollar, produced another massive increase in global reserves last year.

Other big reserves increases

last year were recorded by the developed countries outside the Group of Ten and Switzerland and the non-oil-developing countries.

OPEC countries' reserves

dropped by \$15bn, \$5.5bn of

which was due to an accounting

change by Saudi Arabia, com-

pared with a gain of \$1bn in

1978.

The recovery of the dollar in early 1979 seems to have brought this expansion to a halt.

The reversal of previous speculative inflows into Germany, Japan and Switzerland, led to a reduction of \$1.6bn in these countries' combined reserves in the first four months of the year, after they had gone up by \$32bn in

1978.

Other big reserves increases

last year were recorded by the

Group of Ten and Switzerland

and the non-oil-developing countries.

Leaving out of account the

increase in the U.S. exchange

reserves, the remaining \$12.3bn

growth in non-dollar exchange

reserves was accounted for

mainly by non-Group of Ten

countries.

The trend towards a multiple

currency reserve system is

OPEC and the payments gap

THE OVERALL world balance of payments structure last year was in much better equilibrium than at any time since 1973, but is likely to move to a greater position of imbalance this year because of the expected increase in the OPEC surplus, which has ceased to be the major destabilising factor in the world's current payments structure.

The favourable developments last year were accompanied by a considerable worsening of existing imbalances within the group of major industrialised countries, as a result of last year's currency crisis.

Last year, the oil exporting countries' current account surplus dropped to \$7bn from \$29bn, and the developed areas of the world moved to a surplus of \$7bn from a deficit of \$28bn.

Non-oil developing countries, while registering an increase in their deficits to \$242bn from \$15bn, were still able to continue to increase their official reserves.

Within the Group of Ten and Switzerland, the combined overall surpluses of Germany, Japan and Switzerland more than doubled to \$25bn while for the second year running the overall balance of payments deficit of the U.S. exceeded \$50bn.

PARTICIPATING COUNTRIES

WESTERN EUROPE

European Economic Community: Belgium, Denmark, France, Ireland, Italy, Luxembourg, Netherlands, United Kingdom, West Germany.

Other Western European Countries

Austria, Finland, Greece, Norway, Portugal, Spain, Sweden, Switzerland.

ARAB COUNTRIES

Middle Eastern Arab Countries

Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Sudan, Syria, United Arab Emirates, Yemen.

North African Countries

Algeria, Morocco, Tunisia.

AFRICA

Angola, Benin, Botswana, Burundi, Cameroon, Cape Verde, Central African Empire, Comoros Islands, Congo, Djibouti, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea Bissau, Ivory Coast, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Niger, Nigeria, Rwanda, Sao Tome, Senegal, Seychelles, Sierra Leone, Somalia, Tanzania, Togo, Upper Volta, Zaire, Zambia.

SCOPE OF EXHIBITION

The list below covers all development plans of African countries and Arab countries of the Middle East and North Africa.

ENERGY

Development of electrical power generation (thermal, hydraulic, nuclear or solar energy).

TRANSPORT

Research and operation of resources. Desalination of sea water. Development of basins, dykes, reservoirs.

WATER

Research and operation of resources. Desalination of sea water. Development of basins, dykes, reservoirs.

OIL AND GAS

Research, drilling, refining, storage, liquefaction, transport, off-shore, petrochemicals.

MINES AND QUARRIES

Research, working, first processing of ores of all types.

Development of research and use of products for building materials and the fertilizer industry.

TRANSPORTATION

Development of infrastructures, road, harbours, waterways, railways, airports, highways and bridges.

AGRICULTURE, LIVESTOCK AND FOOD INDUSTRIES

Agronomical research, fertilization, irrigation.

Control of desert encroachment, soil recovery, mechanization, silos, warehouses.

Seed nurseries.

Livestock raising, fishing, forestry, sawmills.

Refrigeration, handling, food industries.

COMMUNICATIONS

Post and telecommunications.

Press, radio, television, audio-visual equipment, printing, paper industry.

HOUSING AND COMMUNITIES

Housing development, renovation, reconstruction.

Hospitals, dispensaries, schools, administrative premises, offices.

Sports and recreational facilities.

Tourism infrastructures, hotels.

Roads, drainage, waste collection and elimination.

Public lighting, urban transport.

INDUSTRIALIZATION

Studies, design, engineering, "turn-key" plants, technical training, transfers of technology, licenses.

The search for raw materials. The search for outlets for industrial products and consumer goods.

The sectors most often cited in Development Plans for setting up local industries are steel, aluminium, cement and building materials, glass, mineral and organic fertilizers, production and processing of leather and plastics.

Food-aid industries, dairies, sugar mills, flour mills, oil plants, canneries, etc.

Clothing, furniture, pharmaceuticals and veterinary products. Assembly plants for vehicles, electrical and electronic appliances.

SERVICES

Banking, insurance, international trade (import/export), the press and advertising media.

INSTALLATIONS AND MAINTENANCE

Development of auxiliary occupations for industry and building.

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INTERNATIONAL EXHIBITION AND FORUMS



9/15 JUNE 1980

Jeffrey S. T. S.

THE JOBS COLUMN

Trials of a manager—or 'me and my drum'

BY MICHAEL DIXON

LOT of cows died that day. Some of them could have looked more soulful about it than Roger, my 'assistant' at the start. But he's guiltless, like the strikers picketing our door didn't help matters, the principal cow-killer was me.

It was such lovely weather, when Roger and I hurried through the pickets into the sun. But once we were inside, the sun was safe from us. The two 8 ft electrified fences surrounding our compound saw to that.

At times there are advantages to the security precautions used for producing a vaccine. I, although I inject cattle health into all the cows, otherwise shiver my man or at whose flesh touches it, it's not me who, I wasn't possible for inventing it, y for managing its produc-

tion. A reader in "fire-fighting" cattle jobs will know, aager will get himself past ticket line, but not any goods or entering or leaving. Nor is Roger and I alone inside, we had to get the vaccine a 40-gallon drum. The rest been canny carted, pre-

to the warehouse 10 miles away on the other side of the river.

So we were looking forward to pottering about in the sun, doing odd jobs. On our list was tidying the small pile of building equipment dumped by the contractor who until the strike had been slowly overcoming his reluctance to start work on our new storage shed.

What put the kibosh on that pleasant prospect was my routine call to headquarters, five minutes up the road. Colin Coulson-Thomas, the managing director no less, came on the phone panting, that our best customer was having the hiccies.

Outbreak of foot-and-mouth disease. At least 40 gallons of vaccine needed that evening. Only available vehicle on other side of river couldn't make delivery unless it left in two hours' time. Bridge closed for repairs. So vaccine must be on my leaving in 90 minutes. (You know how things are in rural Herefordshire.)

I told the MD we had a 40-gallon drum, which pleased him. Next I mentioned the picket line, which didn't.

Then I suggested, I hope not acridly, that he send some vaccine out of the unpicked warehouse, which had a certain advantage in being on the same side of the river as the lorry.

The MD muttered something about a foul-up stopping the warehouse from shipping any. Which didn't surprise me.

We are the plant didn't have much time for Sebastian Faulks and Mary Pipes, the warehouse managers. They'd never made overtures to us, and I wouldn't want them on my patch, anyway.

My doubts about them were reinforced by Ms Pipes chipping in on the telephone conversation to say that she was going out to look for Mr. Faulks, who had inexplicably disappeared and wasn't answering to her squawks.

That was the first any of us knew about our telephone system's ability to accommodate a three-way conversation. But it somehow didn't occur to anyone that this unusual facility might be helpful. I did notice him hiccies.

The picket leader was a

woman, and I daresay a right Trotskyite. No compassion for bourgeois bovine from that quarter, certainly. But she wasn't sending any pickets to patrol the other sides of the compound:

So I asked the MD to try to get the warehouse to organise itself into getting a cart and some suitable safe, small cans across the river by ferry, and bring them up quietly to the side fence closest to where our 40-gallon drum was stored.

I recommended the stout Sebastian good for lobbing the cans over the fence and the 7 ft of dead ground between them. We could then partly fill the cans from our big drum, and I could re-live my shot-putting days and toss the stuff out to him.

But, I added, pending the return of the warehouse from its present outing, I would try to devise means of hoisting the entire drum clandestinely over the fence. The MD said OK.

Now, machinery builders me. But I'm Isambard Kingdom Brunel compared with Roger. So I told him to man the tele-

phone and watch out for my making any silly mistakes as I tried to cobble up a crane from the paraphernalia he queathed to us by the departed builder. I looked it over, scratching my head with a heavily gloved finger.

From memory, the equipment consisted of: Two 12 feet scaffolding poles and two more of 8 feet, two scaffolding clamps fixed at right angles, and two more which could rotate. Spanner to fit the clamps. Block and tackle with hooks at either end. Three loose ropes. Four massive iron tent pegs probably stolen from a travelling circus. A sledgemar-

spanner. Thereafter we adopted a standard reply of "five minutes."

After about 40 minutes of the standard treatment, the MD appeared in the indignant flesh beside the fences. Then he tried to stroll in to lend us a hand. But the pickets insisted that he stay with them instead.

By this time, cranes Mark I to IV had been tested, alas without fulfilling their designer's expectations. One abortive attempt to hoist would have brought the whole caboodle down on Roger and me had it not been for the sudden appearance of a sinewy man in his late 40s who averted the disaster, snatched "do be careful" and vanished.

At that, Mr. Faulks and Pipes arrived with cart and cans. So we did manage to get some vaccine away by the shot-putting method, though only about 10 gallons before losing my balance, I heaved the last small container into the outside fence. Flash, bang, wallop!

Back to a last attempt with

What general lessons could we draw to improve our results, both as individuals and in contributing to a team, when tackling problems in future? And so on.

Thus it was that I, who had been highly sceptical of the centre's "compressed-experience" methods, received the most effective practical educational experience of my life. Where training for management of the active problem-solving kind is concerned, I have certainly seen none better. Moreover, all I took part in was a simple exercise, the most complex project goes on for 18 hours.

The only snag, I feel, is that the occasional manager attending the centre's courses might be forced to the conclusion that he or she is in the wrong career entirely.

Take me, for instance: the exercise woefully exposed my addiction to answering an emergency by getting busy—too busy to heed anyone's ideas but my own or to explain clearly what I am trying to do—and over-estimating my own physical capacity. Those are serious faults in management.

So I've given it up. Perhaps I'm better suited to something like journalism.

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The successful applicant will be looking for a move into commerce to benefit career progression. By joining this small H.O. team and becoming involved in a wide range of financial activities covering group accounting, financial reporting, treasury and corporate restructuring, you can expect to acquire experience difficult to match in any other organisation.

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Accounting

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The world famous Rank Xerox organisation require a Qualified Accountant to join a highly professional team working in our Chief Accountant's Department based in Denham.

Responsibilities will include managing both the Inter Company Accounts Department, and the Fixed Asset Section, ensuring that all Inter Company transactions and Fixed Assets are accurately recorded, and that all capital spend is monitored and controlled.

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The successful candidate will be an effective communicator, be enthusiastic and career minded.

We are offering a starting salary of around £7,500 p.a. with a wide range of big company benefits. Scope for career development within the organisation is excellent.

For further information please contact David Simpson, Senior Personnel Officer, or send details of career to date and current salary to him at—Rank Xerox (UK) Ltd, North Orbital Road, Denham, Bucks. Tel: Denham 2355.

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A major U.K. industrial group seeks a qualified person who is a self-starter with staff motivational skills. The post reports to the Chief Accountant and takes responsibility for three key accounting sections. Duties are broad-ranging, covering financial and management accounting, budgeting, systems reviews and ad hoc investigations. Candidates will possess the maturity to control the total accounting function—a position to which they must aspire. N.W. LONDON.

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Due to promotion, this U.S. company seeks a lively and ambitious accountant. Staff control, sophisticated systems and tight deadline reporting feature strongly in the Chief Accountant's brief. There will be considerable liaison with computer personnel on the implementation of systems which are currently being improved. Previous insurance company experience would be a distinct advantage. Relocations expenses paid, if applicable. SURREY.

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ROBERT HALF
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Two Accountants

SW ESSEX

Our client, a major confectionery manufacturer and one of the largest specialist confectionery distributors in the U.K., seeks a Qualified Cost Accountant and a Part-Qualified Assistant Accountant to join its head office accounts team.

Cost Accountant
c. £7,000 + Car

You will be directly responsible to their management accountant for compilation of cost and sales forecasts, investments appraisal, control of material and labour and cost/profitability of over 200 products.

Benefits include profit sharing scheme, BUPA and contributory pension scheme, plus four weeks holiday p.a.

Assistant Accountant
c. £5,000

You will be responsible to the cost accountant for preparation of management accounts for four factories plus an administration department using a computer package, investigations of deviations resulting therefrom, budgets, control of capital projects and ad hoc duties.

Benefits include profit sharing scheme, contributory pension scheme plus four weeks holiday p.a.

Ideally, both candidates will be aged 22-28, with sound experience in a manufacturing environmental background.

Please contact: Richard May
Chelmsford (0243) 602344
PER, Cater House, 49 High Street, Chelmsford, Essex CM1 1DE.

Applications are welcome from both men and women.

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Financial Controller
Warwickshire
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This exciting new opportunity to join the International Division of our client has arisen following the profitable expansion of its overseas activities and with ambitious plans for future development now very positive. The duties of the position embrace an on-going evaluation of current businesses, which will involve occasional visits to overseas subsidiaries in Europe, Southern Africa and Australasia, and the appraisal of new acquisitions and new markets. The company is a very successful and relatively autonomous subsidiary of a large British Group with substantial interests throughout the World. The vacancy is based in a most delightful part of Warwickshire, and a generous reimbursement of relocation expenses is available if necessary. Since prospects of further career development are particularly attractive, applicants should be ambitious, qualified accountants, over 24, preferably with previous commercial experience gained within the larger company.

Please telephone John Overton, F.C.A., M.E.C.I., Overton Management Selection Limited, Monaco House, Bristol Street, Birmingham, B5 2AS. Tel: 021-522 3232, to arrange an appointment to discuss the details.

Applications are welcome from men and women.

OVERTON MANAGEMENT SELECTION

MANAGEMENT ACCOUNTANT

Berkshire

A leading packaging company and part of a large group, we design and manufacture printed cartons. We require a Management Accountant who will supervise a team responsible for Management Reporting and producing period and year end accounts to strict deadlines. The job also covers asset accounting, insurance, assisting with budgets, forecasting and business planning and some investigation and project work.

This position would suit a new qualified accountant or possibly a finalist with a keen enquiring mind. Salary range £6,000-£7,000. Normal fringe benefits apply.

Contact Personnel Department for an application form:

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U.B.H. (MECHANICAL SERVICES) LIMITED

A member of the United Guaranty (Holdings) Group of Companies

is seeking a qualified

MANAGEMENT ACCOUNTANT

preferably with experience in the mechanical services field. Must be capable of producing full profit and loss accounts monthly and have a good approach to handling staff. Age immaterial, company car, good starting salary, group pension scheme etc. Based in SW4.

Please apply to the

Managing Director

U.B.H. (MECHANICAL SERVICES) LIMITED

145 Larkhall Lane, London SW4 6RG

Albany Life Assurance Co. Ltd. require a suitably qualified person to develop the accounting and administrative aspects of various portfolios.

Applicants need not necessarily be qualified accountants but must be fully conversant with all types of securities and used to dealing directly with brokers and clients. Appropriate experience will have been gained in insurance, merchant bank or other financial institution.

This is a newly created position based on the Company's continued growth and offers excellent career prospects for the right person. The situation is at the Company's Potters Bar offices and a salary of £7,000 p.a. plus is envisaged. There is a range of benefits including free BUPA, non-contributory pension and life assurance and assistance will be given with relocation where appropriate.

Write to:

Mr. G. E. Slipper,
Personnel Manager,
Albany Life Assurance Co. Ltd.,
Station House, 3 Darkes Lane,
Potters Bar, Herts.
or telephone: Potters Bar 42311.

Royal Garden

Financial Accountant

The luxury Royal Garden Hotel in London, Kensington needs a Financial Accountant, commercially orientated with experience in hotel and catering a distinct asset.

The position is one controlling a multi million pound operation with an immediate support team of six and some forty persons involved in the financial areas. The job holder will be working with the General Manager in the formulation of detailed budgets and forecasts and producing financial statements. The operation has household names as hotel occupants and extensive banqueting and conference facilities.

This is a key control and policy influencing position with a very attractive benefit range in addition to salary.

Anyone currently not capable of achieving results in a broadly similar position worth £7,000 p.a. + would find this a difficult task to consider.

Apply direct to the General Manager,
Royal Garden Hotel, Kensington High Street, London, W8.
Telephone: 01-937 8000.

Rank Hotels

Wall St. drifts while awaiting OPEC meeting

Indices

NEW YORK DOW JONES

	June 6	June 7	June 6	June 5	June 4	June 3	June 2	1979	Since Comptn'
	High	Low	High	Low	High	Low	High	High	Low
• Industrials	855.15	829.97	829.16	831.34	821.21	821.21	878.72	807.98	851.78
H.M. B'nd's	84.53	84.82	84.73	84.39	84.21	84.39	85.00	82.72	84.42
Transport.	238.48	238.24	238.12	238.81	234.51	235.10	239.24	235.78	238.25
Utilities	103.82	103.79	103.65	103.47	102.20	101.83	104.94	98.51	102.32
Trading vol.	8,000	8,140	8,250	8,200	8,000	8,000	8,500	8,000	8,200
All day's high	839.48	831.85							

* Day's high

839.48

low 831.85

Switzerland

Prices eased slightly, reflecting the sharp rise of Swiss Whole-sale Prices in May.

Swiss rail Fr 3 in Transports on some selling pressure.

Banks were little changed.

Among irregular Financials,

Motor Columbus was down

ahead of the Press conference

on the activities of its Mobag

subsidiary scheduled later yesterday.

Industrie Holding fell on

reported lower earnings and

proposed dividend reduction,

while Oerlikon-Buehrle Bearer

rose Fr 26.

Insurances were off in light

volume. Chemicals were steady. In

Metals and Engineering, Sulzer

Registered and Participation

Certificate each pointed higher,

while Alusuisse and Brown

Bovet Bearer each eased.

Domestic and Foreign Bonds

were slightly irregular.

Dollar stocks traded around

previous New York closing

levels. Dutch Internationals were

steadily steady. Germans narrowly

mixed, while Amgold gained in

South African Mining Financials.

Paris

Markets were mixed in quiet

featureless trading.

Banks, Foods, Electricals,

Chemicals and Oils were mixed,

while Investments, Properties

and Mechanical Engineering

firmed. Motors, Constructions,

Metals and Department Stores

eased.

La Redoute SA dropped FF 15

15 to 47.0 after announcing net

parent profit in year ended

February 28 almost unchanged

from last year.

In Foreign shares, Americans,

Germans and Gold Mines were

firm. Dutch were steady, while

Oils and Coppers eased.

Germany

Movements were mixed as

buying interest dried up during

the latest stages.

Chemicals were mostly higher,

with Schering up DM 4.6.

DM 13 and Bayer DM 0.5.

Motors remained depressed,

with VW down DM 4, BMW DM

1.50 and Daimler DM 0.3, while

Indexed Enel steady.

NOTES: Overseas prices shown below

exclude \$ premium. Belgian dividends

are after withholding tax.

• Francs g Gross div. & h Assumed

dividends based on 100 francs

Issue A Alter local taxes, m % tax free.

in France including Unilac, p Nom

g Share split. d Div. and yield exclude

tax on dividends.

e DKR 100 denom, unless otherwise

stated. f Swiss 100 denom, and Bearers

shares otherwise stated. g YDK 100 denom,

unless otherwise stated. h Price at time

of suspension. i Florins & Schillings.

o Cents. d Dividend after pending

rights and/or scrip issue. e Per share.

f Francs g Gross div. & h Assumed

dividends based on 100 francs

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Bangladesh raises jute prices

Our Commodities Staff

VGLADESH HAS raised its jute prices by up to 10 per cent in anticipation of a fully reduced crop this year. Rough conditions haveously affected the germination of new crop plantings and year's harvest, which is due to be gathered over the next two or three months, could be 10 per cent below normal, culture officials said.

Higher grades of jute are expected to be worst affected and these which have suffered biggest price rises.

Control prices for tosso have risen by up to £20 a tonne for "A" grade going up to £247 to £267. "B" grade is up to £15 to £22. "C" by £5 to £237 and "D" by £5 to

£4, and "B" grades of jute are up £10 to £245 £235 respectively while "D" grades are up £214 and £189.

Bangladesh traders warned, however, that actual price rises will be still higher.

At Dacca, meanwhile, it was reported that Bangladesh's month-long drought had broken by monsoon rains, and fears of an imminent famine in the country.

Moderate to heavy rain was recorded in all parts of the country at the weekend and in east and south falls averaging one and a half inches on day.

Weather reports forecast further rain throughout Bangladesh over the next few days.

alm oil input up

LA LUMPUR—Peninsular Asian crude palm oil price rose to 138,235 tonnes from 142,046 tonnes in March and 100,518 tonnes in March 1978.

Statistics Department figures output for the first quarter 79 totalled 440,446 tonnes up 259,905 tonnes in the period last year.

Ports of crude palm oil fell by 21,335 tonnes in March from 23,222 tonnes in January and crude oil stocks rose 175,934 tonnes in March 1979. In February and 185,973 tonnes in March and 185,783 tonnes in March.

And London dealers thought

that the price would rise

to 185,000 tonnes.

Mr. John Westmore, group

director said comparisons with 1978-79 rates were difficult but it could be said a reduction of 9 per cent had been achieved for 1978-80.

This estimate is subject to a rapid development towards the agreed objective of a density of about 14,000 kilos in conventional bales up to 20 foot container in the first year.

Australia's total wool production is expected to rise to 710,000 kilos in the 1979-80 season, beginning July 1, from 695,450 in 1978-79, according to Australian Wool Corporation, economist Mr. Bob Richardson.

Mr. John Westmore, group

director said comparisons with 1978-79 rates were difficult but it could be said a reduction of 9 per cent had been achieved for 1978-80.

The Wool Commodity Group

negotiated a new system of rates with the Australia-Europe shipping conference in London in late May.

The agreement, giving rate

concessions for densely packed wool, is effective for the three seasons from the end of the current 1978-79 season on June 30.

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LONDON STOCK EXCHANGE

Trade balance worries subside and eve-of-budget markets trade quietly but in more stable fashion

Account Dealing Dates

First Declara- Last Account Dealings Dates Day May 21 May 31 June 1 June 12 June 4 June 14 June 15 June 26 June 18 June 28 June 29 July 10 * "New time" dealings may take place from 9.30 am two business days earlier

A reluctance to enter new commitments ahead of the budget brought subdued trading conditions to equity markets yesterday, a situation which contrasted with a more stable trend in Government stocks where revised investment demand was encouraged by hopes that the Chancellor will include in his budget measures to reduce public spending.

Concern about the UK balance of payments, a factor which caused marked uneasiness in stock markets late on Friday, was allayed by financial Press views that, though the anticipated £1.1bn deficit for the first four months of the year, leading shares were opened slightly easier but gradually regained the losses to close a shade higher on balance.

The FT 30-share index was 1.4 off at 11 am, but reduced the loss to only 0.1 at 3 pm and after the official close actually improved further to end a net 0.7

up at 503.9. Trading announcements rarely enthused. Metal Box, in fact, providing a notable casualty with a fall of 16 to 312p following profits below analysts' estimates and a none-too-inspiring statement on prospects.

AB Foods were also easier after preliminary figures, but the background elsewhere in equities was enlivened by pockets of activity among the preliminary results due later this month. The major clearers plotted an irregular course with Barclays, still unsettled by the poor interim results from its subsidiary Barclays International, closing 3 off at 492p but NatWest ending a couple of pence higher at 353p. Hire Purchases traded lower, Lloyds of London relinquished 3 to 129p and Provident Financial eased 2 to 97p.

Insurances lacked support and drifted lower. Sun Alliance led the retreat at 348p, down 18. GRE gave up 8 to 238p, led by 5 to 370p and Eagle Star 4 to 155p.

Small nervous selling awaited today's Budget prompted fresh dullness in the Brewery leaders. Allied, results due today, eased 14 to 91p. Bass gave up 4 to 124p and Whitbread "A" to 124p. Elsewhere, renewed bid speculation left Highland 8 to 155p.

Occasional selling and lack of investment enthusiasm gave building descriptions a generally drab appearance. Recent high-flier Brown and Jackson encountered further profit-taking and fell to 205p before late support lifted the price to 217p for a net fall of 13. Redland shed 3 to 201p and FPA Construction relinquished 2 to 15p. Despite the higher annual profits, Craig and Rose held at 111. Elsewhere, BEP and Tunnel "B" eased 4 pence to 314p and 292p respectively, but Midbury, annual results next Friday, improved 2 to 72p.

A small business was transacted in ICI which cheapened 3 to 369p. Among other Chemicals, adverse Press comment left Leith Interests with a fall of 7 at 102p but, awaiting Thursday's annual results, Pliy put on 10 to 163p. Scrappy selling clipped 6 from Brent to 236p and 10 from Hickson and Welch to 233p.

Church up

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AB Foods were also easier after preliminary figures, but the background elsewhere in equities was enlivened by pockets of activity among the preliminary results due later this month. The major clearers plotted an irregular course with Barclays, still unsettled by the poor interim results from its subsidiary Barclays International, closing 3 off at 492p but NatWest ending a couple of pence higher at 353p. Hire Purchases traded lower, Lloyds of London relinquished 3 to 129p and Provident Financial eased 2 to 97p.

Insurances lacked support and drifted lower. Sun Alliance led the retreat at 348p, down 18. GRE gave up 8 to 238p, led by 5 to 370p and Eagle Star 4 to 155p.

Small nervous selling awaited today's Budget prompted fresh dullness in the Brewery leaders. Allied, results due today, eased 14 to 91p. Bass gave up 4 to 124p and Whitbread "A" to 124p. Elsewhere, renewed bid speculation left Highland 8 to 155p.

Occasional selling and lack of investment enthusiasm gave building descriptions a generally drab appearance. Recent high-flier Brown and Jackson encountered further profit-taking and fell to 205p before late support lifted the price to 217p for a net fall of 13. Redland shed 3 to 201p and FPA Construction relinquished 2 to 15p. Despite the higher annual profits, Craig and Rose held at 111. Elsewhere, BEP and Tunnel "B" eased 4 pence to 314p and 292p respectively, but Midbury, annual results next Friday, improved 2 to 72p.

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FINANCIAL TIMES STOCK INDICES

	June 11	June 8	June 7	June 6	June 5	June 4	Year ago
Government Secs...	72.85	72.00	73.16	72.91	72.65	72.35	70.72
Fixed interest ...	74.48	75.00	75.13	75.07	75.01	75.22	72.26
Industrial ...	503.9	503.2	514.0	516.5	509.5	510.9	472.2
Gold Mines ...	204.8	201.8	208.5	205.2	194.3	195.8	195.8
Ord. Div. Yield ...	5.84	5.94	5.73	5.71	5.77	5.78	5.61
Earnings, Yld. & r/r ...	15.39	15.39	15.06	15.04	15.24	16.38	16.38
Total bargains ...	17,722	18,882	16,758	16,111	15,864	16,077	—
Equity turnover J.m.	99.02	90.97	91.67	71.82	88.38	88.70	—
Equity bargains total:	14,362	14,331	13,421	11,708	15,228	16,466	—

10 em 501.1, 11 am 501.8, Noon 502.0, 1 pm 503.0,

2 pm 503.0, 3 pm 503.0, Latest Index 01/248 502.6.

*Ni=8.01.

1 Basis 100 Govt. Secs. 15/10/76. Fixed Int. 1928. Industrial Ord. 17/3/75. Gold Mines 15/10/76. Ex premium index started June, 1972. SE Activity July-Dec. 1972.

HIGHS AND LOWS S.E. ACTIVITY

	1979	Since Comptain'	1979	Since Comptain'
	High	Low	High	Low
Govt. Secs...	75.91	64.64	127.2	49.18
Fixed Int. ...	77.76	66.03	150.4	50.53
Gold Mines(Ex-pm)	169.5	164.7	168.7	160.5
Ord. Div. Yield ...	5.84	5.94	5.73	5.71
Earnings, Yld. & r/r ...	15.39	15.39	15.06	15.04
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CHEMICALS, PLASTICS—Cont.

ENGINEERING—Continued

1979	Stock	Price	+	No. of	Net	Net	Yield	High	Low	Stock	Price	+	No. of	Net	Net	Yield	High	Low	Stock	Price	+	No. of	Net	Net	Yield
23	22	Antofagasta Rly...	22	—	—	—	—	122	78	Hill Samuel	312	—	—	—	—	57	40	Fairfax W.G.	44	—	—	—	—	—	—
24	39	Do. Soc. Pref.	40	—	—	—	—	125	40	Do. W. Marconi	102	—	—	—	—	52	40	Power & Energy	125	—	—	—	—	—	—
25	40	Do. Soc. Pref.	40	—	—	—	—	147	40	Hong Kong \$2.50	145	—	—	—	—	52	40	Food Feed	92	—	—	—	—	—	—
26	31	Chilean Min. 1978	25	—	—	—	—	125	80	—	—	—	—	—	—	332	260	Fisons £1	265	—	—	—	—	—	—
27	36	Do. Soc. Pref.	25	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Halsall's £1.00	51	—	—	—	—	—	—
28	20	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
29	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
30	51	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
31	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
32	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
33	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
34	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
35	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
36	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
37	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
38	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
39	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
40	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
41	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
42	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
43	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
44	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
45	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
46	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
47	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
48	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
49	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
50	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
51	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
52	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
53	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
54	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
55	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
56	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
57	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
58	45	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—	—	—	—	51	25	Hawes & Curtis	51	—	—	—	—	—	—
59	40	Do. Soc. 1975 Boxer	13	—	—	—	—	125	125	—	—	—													



FINANCIAL TIMES

Tuesday June 12 1979

Ford
machinery valuers

SWING TO THE RIGHT THROUGHOUT EUROPE

Christian Democrats make big gains

BY REGINALD DALE, EUROPEAN EDITOR, IN BRUSSELS

CENTRE-RIGHT parties consolidated their broad advance in the European elections as the bulk of the results from all nine participating nations were counted yesterday.

The sweeping gains made by the British Conservatives were matched by Christian Democrat successes in West Germany, the Netherlands, Belgium and Luxembourg, while the French result was a victory for the Centrist supporters of President Valéry Giscard d'Estaing.

In Italy, both Christian Democrats and Communists slipped slightly from the totals they recorded in the national elections 10 days ago, while the pro-European Socialists moved from 8.8 to 11 per cent of the vote in an 8.8 per cent poll.

Elsewhere politicians were disappointed at the relatively low turnout, particularly in West Germany where 65.5 per cent of the electorate voted—well below the 80 per cent or more usual in German elections. In France, the 39 per cent abstention rate was a near-record.

In spite of the Christian Democrats' successes, the Socialists looked virtually certain to maintain their position as the largest Parliament ary group in Strasbourg. But they will no longer have the

dominant role they enjoyed in the old, nominated Parliament, where they held one third of the seats.

A computer projection by the European Broadcasting Union suggested that the Socialists would have 111 seats in the new 410-seat Parliament, against 106 for the Christian Democrats.

The Anglo-Irish Conservative group, which sits separately from the Christian Democrats, was put at 83, the Communists at 44, Liberals 40, Progressive Democrats (French Gaullists) and Irish Fianna Fail 23, and others 23.

The remaining seat outside Northern Ireland went to the Scottish Nationalists after a surprise victory by Mrs. Winnie Ewing, the former Westminster MP, in the Highlands and Islands. She defeated Mr. Russell Johnson, the Liberal MP, by nearly 4,000 votes, leaving the Tory, who started favourite trailing in third place.

The result in the only seat where there was any prospect of a victory other than Labour or Conservative meant that the Liberals, although polling over 13 per cent of the votes nationally, failed to secure any representation.

Mr. David Steel, Liberal leader, and his followers complained bitterly about the unfairness of Britain's first-past-the-post system, and they intend to mount a protest when the directly-elected Parliament meets for the first time in Strasbourg next month.

There are already signs of growing support among leading Labour MPs for the introduction of proportional representation into the European elections in the future.

The Conservatives secured 50 per cent of the votes cast against Labour's 33 per cent and achieved a net voting swing in their favour of 5 per cent since the May general election.

Tory leaders were well satisfied with the results, in spite of the low turnout of 32 per cent.

The Labour Party, on the other hand, has now suffered two severe electoral defeats within five weeks, and a painful party inquest is inevitable.

Pro-Market supporters were saddened by the party's performance and internal divisions, and

blamed the attempts by the National Executive Committee and anti-Market MPs to turn the party against the Community.

But anti-Market supporters were convinced that the results had proved their point that the Common Market was deeply unpopular.

The Rev. Ian Paisley, hard-line leader of the Democratic Unionist Party, comfortably won the first of Northern Ireland's three seats in the European Parliament. In the first count under the proportional representation voting procedure, he received 170,688 votes, well above the 143,000 quota needed for election.

Way ahead to Strasbourg, Page 18
Election details Page 2

Brussels Commission unveils energy plan

By Gile Morris in Brussels

A FAR-REACHING strategy for energy saving and development in the EEC up to 1990 is to be placed before the European Commission this week. It will then be submitted to the Council of Ministers.

The plan proposes targets for limiting the fuel consumption of cars, and casts doubt on the Community's ability to meet its growing energy requirements by 1990, if average GNP growth until then is maintained at the target level of 3.9 per cent a year.

The objectives being outlined by the Brussels Commission also stress that the ratio of the growth of energy consumption to economic growth must be reduced for the level agreed last year by member governments.

The targets set last July by the European Council of limiting the ratio to 0.8 by 1985 is replaced in the proposals by a new goal of below 0.7 by 1990.

The Commission is understood to be urging a freeze on EEC oil imports as part of an overall programme of boosting nuclear and coal-fuelled electricity. This would mean that by 1985, oil imports would stand at about the 1975 level of 470m tonnes. A vital element in the Commission's strategy concerns the boosting of nuclear and coal-burning power stations to provide up to 75 per cent of all electricity in the EEC. In order to bridge the gap between the Community's present gross energy requirement of 970m tonnes of oil equivalent and the projected 1990 level of 1,385m tonnes.

The unveiling of the new strategy is understood to represent a Commission push for an EEC energy policy before the June 21 and 22 Strasbourg summit at which EEC heads of government are widely expected to concentrate on energy questions.

At the same time, Dr. Guido Brunner, the EEC Energy Commissioner, is expected to present a new scheme for monitoring all oil price movements in the Community when EEC Energy Ministers meet in Luxembourg early next week. The scheme would be an extension of that recently introduced to study and if possible check prices on the Rotterdam and Genoa spot markets.

The nuclear programme put forward in the proposals would involve massive investment.

Leak stops Alaska oil

BY DAVID LASCELLES IN NEW YORK

THE TRANS-ALASKA pipeline, which carries North Slope crude oil to the Valdez loading terminal, has been shut down because of a suspected leak. This is the first time the \$10bn pipeline has had to be shut down during routine operations since it was started up in 1977. If the shutdown is protracted it will deprive the U.S. of about 15 per cent of its domestically produced oil at a time when supplies are unusually tight.

The weather at the site of the leak, where the pipeline lies between six and 10 feet under ground, was said to be bad, with wind, sleet and freezing temperatures. The ground is frozen solid.

The Alyeska Pipeline Service

Company, owner and operator, said that on Sunday morning a helicopter on reconnaissance noticed what appeared to be oil coming from the ground 150 miles south of Prudhoe Bay, the production terminal, where the pipeline crosses the Brooks range. At nearly 5,000 ft, this is one of the highest points on the pipeline.

Crews were dispatched to dig a containment channel and prevent oil from trickling into a river nearby. So far about 200 barrels of an estimated 500-barrel leak have been recovered. Other crews are digging a trench along the pipeline to discover the leak.

The company could not estimate how long the pipeline

would be out of action. That would depend on how long it took engineers to find and repair the leak. In New York, though, it was thought unlikely that the repair would be speedy, given the conditions in which the crews are working.

The 800-mile trans-Alaska pipeline transports about 1.2m barrels of oil a day from the North Slope oilfields to Valdez, where it is loaded for shipment south. Apart from two disruptions during start-up and an attack by a saboteur last year, it has operated without interruption since it went into service in July, 1977.

Alaskan oil has helped to check the rapidly growing

dependence of the U.S. on imports. If the interruption is sustained it could force the U.S. to buy on world markets at a time when spot prices are high and supplies uncertain.

Parliament, Page 7
Editorial Comment, Page 18

Howell discounts early oil rationing

BY KEVIN DONE, ENERGY CORRESPONDENT

MR. DAVID HOWELL, the Energy Secretary, gave a warning yesterday that if there is a further sharp deterioration in world oil supplies, the Government could be forced to impose direct rationing of oil products.

But in a statement to Parliament he again ruled out any early moves by the Government to allocate oil supplies. He dismissed a call from Dr. Dickson Mabon, Opposition energy spokesman, for Government help in supplying priority users.

Dr. Mabon pointed to reports that hospitals, ambulance ser-

vices and other essential services were either short in supply or were being held to ransom by being charged very high prices.

It was also a "complete nonsense," he said, that supplies to railways would be cut, because this would only lead to greater congestion on the roads and a rising demand for petrol.

Mr. Howell said that with the present limited shortfall in supplies, any system of priority allocation would be "wasteful, unfair and highly inefficient."

Actual supplies to UK con-

sumers were running at about 5 per cent below current demand. Some oil companies had been forced to impose more severe rationing schemes than the UK's major suppliers, however. The Government had asked the oil industry to "achieve a more even and effective distribution."

Mr. Howell said he was not satisfied with the present arrangements for exporting about 45 per cent of UK North Sea oil production. But he offered no immediate proposals for changing the balance.

He did confirm that the Government is giving serious thought to taking its 12.5 per cent North Sea oil royalty entitlement as crude oil rather than as cash from the beginning of next year.

Mr. John Swearingen, chairman of Amoco, the U.S. oil company, said yesterday that the industrial world's dependence on imported oil would grow over the next five years. Supplies would never be as abundant again as at the beginning of the 1970s. They would cost a great deal more.

Dubai gets \$670m backing

BY JOHN EVANS

A \$670m international financing package is being put together for the development of the gas and aluminium industries of Dubai, the Arabian Gulf state. It is believed in Dubai to be the largest financing of its type raised for industrial development in the Gulf region.

Continued from Page 1

Sales at shops fall

Buttes and the delayed implementation of pay awards.

Even after a 1.6 per cent drop compared with April, the volume of retail sales last month was still nearly 3 per cent higher than the average for the first three months of this year and 3.5 per cent above

last year's level. Retail sales account for only about half of total consumer spending, which may have remained very strong in May. This is suggested by a rise of nearly a fifth in sales of new cars last month compared with April.

Weather

London, S.E. and Cent. S. England, E. Anglia, Midlands, S. Wales

Sunny periods at first, becoming cloudy. Perhaps rain later. E. and N. England, N. Wales, Isle of Man, S. and Cent. E. Scotland, Cent. Highlands

Mainly dry, sunny periods. S.W. England, Channel Is.

Cloudy, rain in places. N.E. Scotland

Mainly dry, sunny periods. N.W. Scotland, N. Ireland

Some rain. Sunny intervals at first, becoming cloudy.

Outlook: Mostly dry.

WORLDWIDE

Yester day	midday	midday	°C °F
Alicante	27 81	28 81	75 77
Algiers	28 75	29 75	63 75
Amman	27 75	27 75	63 75
Bahrain	32 86	32 86	52 75
Beirut	29 75	29 75	61 75
Belfast	17 63	24 75	51 75
Belgrade	29 75	29 75	51 75
Berlin	29 75	29 75	51 75
Berlitz	16 61	16 61	51 57
Blackpool	27 75	27 75	63 75
Bogota	22 75	23 75	51 57
Bristol	17 63	24 75	51 75
Brussels	25 75	26 75	51 75
Buchs	24 75	24 75	51 75
Budapest	24 75	24 75	51 75
B. Aires	35 86	37 86	61 75
Cairo	21 75	23 75	51 75
Catania	21 75	21 75	51 57
Chicago	22 75	22 75	51 57
Cologne	23 75	23 75	51 57
Copenhagen	14 59	14 59	57 61
Dublin	19 63	20 75	61 75
Dubrovnik	28 75	28 75	61 75
Edinburgh	17 63	23 75	51 75
Eiro	23 75	23 75	51 75
France	24 75	24 75	51 75
Funchal	21 75	21 75	51 57
Geneva	23 75	23 75	51 57
Glasgow	19 59	19 59	57 61
Grenoble	23 75	23 75	51 57
Helsinki	16 63	16 63	51 57
H. Kong	22 75	22 75	51 57
I. o. Man	22 75	22 75	51 57
Istanbul	22 75	22 75	51 57
Johburg	21 75	21 75	51 57
L. Pima	23 75	23 75	51 57
Lisbon	22 75	22 75	51 57
L. P. Cloudy, F-Fair, R-Rain, S-Sunny			

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Pressure for 30% BOC pay claim

BY NICK GARNETT, LABOUR STAFF

MANUAL WORKERS at BOC's gases division, who, with Ford workers were the first major group to break last year's pay guideline, are being urged to agree to a claim worth more than 30 per cent.

There is considerable pressure from groups of shop stewards to make the claim, due for settlement at the beginning of the new wage round, virtually non-negotiable. Stewards from the company's 42 gases division depots which suffered a highly damaging strike over

the way settlements tended to increase in size during the first half of the last pay round.

They settled for 9.3 per cent last year, following unofficial industrial action in some depots. Senior stewards indicated yesterday that anything under 20 per cent or perhaps more is likely to prove unacceptable to the group which has considerable power to disrupt manufacturing industry by industrial action.

The company has been holding a series of joint talks with the group on shorter working hours. Senior stewards said yesterday that these had been making little progress.

Stewards are also seeking

to settle the claim as early as possible partly because of anxiety over a Government clampdown on pay.

Branches will meet this week to discuss the recommendation. Their views will then be discussed at a national meeting of senior stewards which will settle the claim.

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to settle the claim as early as possible partly because of anxiety over a Government clampdown on pay.